The China Weekly

REVIEW

密勒氏評論報

A Weekly Newspaper Established in 1917

Northerners Seize $6,000,000 Nanking Tobacco Tax Revenues

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SATURDAY, JUNE 27, 1936 VOLUME 77, NUMBER 4

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HANKOW		7.30	15.50	
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ICHANG	10.00	10.15	13.30	13.15
WANHSIEN	12.25	12.40	10.50	11.05
CHUNGKING	14.30			9 .00

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Station	*Arr.*	*Dep.* (N.B.)	*Arr.*	*Dep.* (S.B.)
SHANGHAI		6.00	18.52	
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TSINGTAO	9.17	9.42	15.10	15.35
TIENTSIN	11.29	11.34	13.18	13.23
PEIPING	12.07			12.45

SHANGHAI-CANTON LINE

N.B. every Thur. & Sun., S.B. every Tue. & Thur.

CANTON		6.30	15.00	
SWATOW	8.15	8.35	12.55	13.15
AMOY	9.35	9.55	11.35	11.55
FOOCHOW	11.05	11.25	10.05	10.25
WENCHOW	12.45	13.05	8.25	8.45
SHANGHAI	15.00			6.30

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TIME TABLE

(Effective from April 1, 1936).

SHANGHAI-YUNNANFU (KUNMING) LINE

West Bound						*East Bound*
Every	6.30	Dep.	Shanghai	Arr.	18.15	Every
Tues.	7.45	Arr.	Nanking	Dep.	17.00	Thurs.
&	10.40	Arr.	Chengchow	Dep.	14.10	&
Fri.	13.20	Arr.	Sian	Dep.	11.30	Sun.
	16.00	Arr.	Lanchow	Dep.	8.00	
	17.00	Arr.	Chengtu	Dep.	8.00	
Every						Every
Wedns.	8.00	Dep.	Chengtu	Arr.	16.30	Wedns.
&						&
Sat.	11.30	Arr.	Yunnanfu (Kunming)	Dep.	13.00	Sat.

PEIPING - CHENGCHOW LINE

South Bound						*North Bound*
Every						Every
Tues.	7.00	Dep.	Peiping	Arr.	17.30	Thurs.
&						&
Fri.	10.30	Arr.	Chengchow	Dep.	14.00	Sun

LANCHOW - PAOTOW LINE

North Bound						*South Bound*
Every	8.00	Dep.	Lanchow	Arr.	17.20	Every
Wedns.	10.20	Dep.	Ninshia	Dep.	15.20	Wedns.
	12.20	Arr.	Paotow	Dep.	13.00	

NOTES: 1. This time table is effective on and after 1st. April, 1936 and is subject to change without notice.
2. Special flights to other places can be arranged by special agreement.

Latest New York Stock Exchange Quotations

June 24, 1936

Stock Exchange— Business Done:-

Tatal Volume: 970,000 Shares

1935-36 High	1935-36 Low	Div. $ per sh.	STOCKS	Last Sale June 22	Last Sale June 23
18⅞	9⅝	0.10	Adams Express	11½	11⅝
134½	115¾	4.00	American Can	134¼	134¾
40¾	29¼	0.60	Amer. Cyanamid "B"	34¼	34½
9¾	6½	—	American & For. Power	7⅜	7⅜
43	29¾	—	American & Foreign Pwr. $7 pfd.	32¾	35¼
27⅜	18¾	—	American Radiator	20⅝	20⅞
178	149½	9.00	American Tel. & Tel.	169	169
104	88⅛	5.00	American Tobacco "B"	99¾	99½
25¼	19⅛	—	American Waterworks	24	23½
39¾	28	0.25	Anaconda Copper	35¼	34⅜
86⅝	59	2.00	Atchison, T. & S. Fe	79	77¾
54¼	27	—	Auburn	30⅛	29¾
24¼	15⅞	—	Baltimore & Ohio	19⅛	18⅞
63¾	45⅜	—	Bethlehem Steel	54⅜	53⅝
26½	16⅞	—	Boeing Airplane Co.,	22½	22½
16	10⅞	—	Canadian Pacific Railway	12⅝	12⅜
183½	92½	—	Case, J. I.	183½	180½
47⅞	34	1.40	Chase National Bank	42⅝	42
74½	59	3.00	Chesapeake Corp.	71½	71
61	51	2.80	Chesapeake & Ohio	60	59⅜
104⅝	85½	4.00	Chrysler	104⅝	108¾
21⅝	14	6.00	Columbia Gas & Electric	19¾	19¾
24⅝	16	2.00	Coml. Solvents	15¾	15⅝
5½	2¼	—	Commonwealth & Southern (ord.)	3⅜	3½
38⅝	27¼	1.00	Consolinated Edison	36¾	37⅛
15¼	11⅛	0.25	Consolidated Oil	12	11⅞
38⅛	28⅛	87½	Continental Oil	30⅜	30⅝
82	68½	3.00	Corn Products	82	80¼
75¾	50⅝	0.75	Douglas Aircraft	61	62
153	133	3.60	Du Pont de Nemours	150⅛	150¼
25½	15¾	—	Electric Bond & Share	21⅝	20⅞
41⅞	34½	1.00	General Electric	39	38½
43	33⅛	1.80	General Foods	43	42⅞
71	58⅞	2.00	General Motors	66⅜	65⅞
50	32⅛	1.00	General Railway Signal	35⅛	36
21⅜	15⅜	1.20	Gold Dust	15¾	16
31⅞	21¾	—	Goodyear Tire & Rubber	25⅝	25½
76½	57¼	1.00	Humble Oil	60¼	60½
54¼	48¼	1.00	Internation Nickel	49⅝	50¼
19¼	12	—	International Tel. & Tel.	14⅝	15
41⅝	28¼	1.00	Kennecott	39⅜	39⅛
54⅞	43	2.00	Loew's Inc.	46¼	46½
26½	21⅛	1.20	Lorillard	22¾	22⅝
103	80¾	1.00	Monsanto Ch mical	91¼	92
45¾	35¾	0.20	Montgomery Ward	45¾	45
41⅞	31	1.00	National City Bank	37	36⅜
25¼	21	1.20	National Dairy Prods.	25¼	25¼
33⅜	26¼	2.00	National Distillers	28	27¾
14⅞	9¾	0.60	National Power Lt.	11⅛	11
42¼	27¾	0.10	New York Central	37½	36¾
32⅛	28	1.00	North American	29⅜	29¼
39⅝	30¾	1.50	Pacific Gas & Electric	38⅞	38⅝
56⅞	47⅜	2.40	Pacific Lighting	51⅞	51¾
13	6⅞	0.10	Packard Motors	10⅛	10⅝
39	28¼	1.00	Pennsylvania Railroad	33	32¾
49⅜	38⅛	1.00	Phillips Petroleum	40½	41¼
48¾	39	2.40	Public Serv. of N. J.	45⅜	45⅜
14¼	9¾	—	Radio Corporation of Amer.	12¼	11¾
58⅝	50	3.00	Reynolds Tobacco "B"	55⅛	55¼
52	38⅜	—	Schenley	42¼	42½
76	59⅝	2.00	Sears Roebuck	74⅝	74½
17	12½	0.40	Socony-Vacuum	12⅞	12⅞
29	25	1.50	Southern California Edison	28⅛	28¼
38⅞	23⅛	—	Southern Pacific	34¾	34¾
18	14⅜	0.80	Standard Brands	15⅜	15¾
9⅞	5½	—	Standard Gas & Electric	7⅛	7
70	51⅛	1.00	Standard Oil Co. of N. J.	59¼	59
71⅜	65	3.80	Sterling Products	70½	70
38¾	33	2.00	Texas Gulf Sulphur	36⅛	36¼
14¾	11	0.30	Transamerica	14	13⅜
92¼	71⅞	2.00	Union Caride & Carbon	92¼	91½
138¼	108⅛	6.00	Union Pacific	131½	132½
32⅜	20⅝	—	United Aircraft (New)	23⅝	23½
21	13	—	United Airline Trans.	17⅞	17½
9¼	5⅜	—	United Corporation	7½	7⅜
19½	14⅜	1.00	United Gas Improvement	16⅜	16⅜
59	36⅝	2.00	U.S. Indus, Alcohol	37	36⅝
35	16⅜	—	U. S Rubber	29⅞	30¾
72⅜	46⅜	—	U. S. Steel	64⅜	63⅞
27¼	16¼	—	Vanadium	19¼	19⅛
14⅝	9¼	—	Warner Bros. Pictures	9⅞	9⅞
122⅞	94⅛	1.75	Westinghouse Electric	118	117

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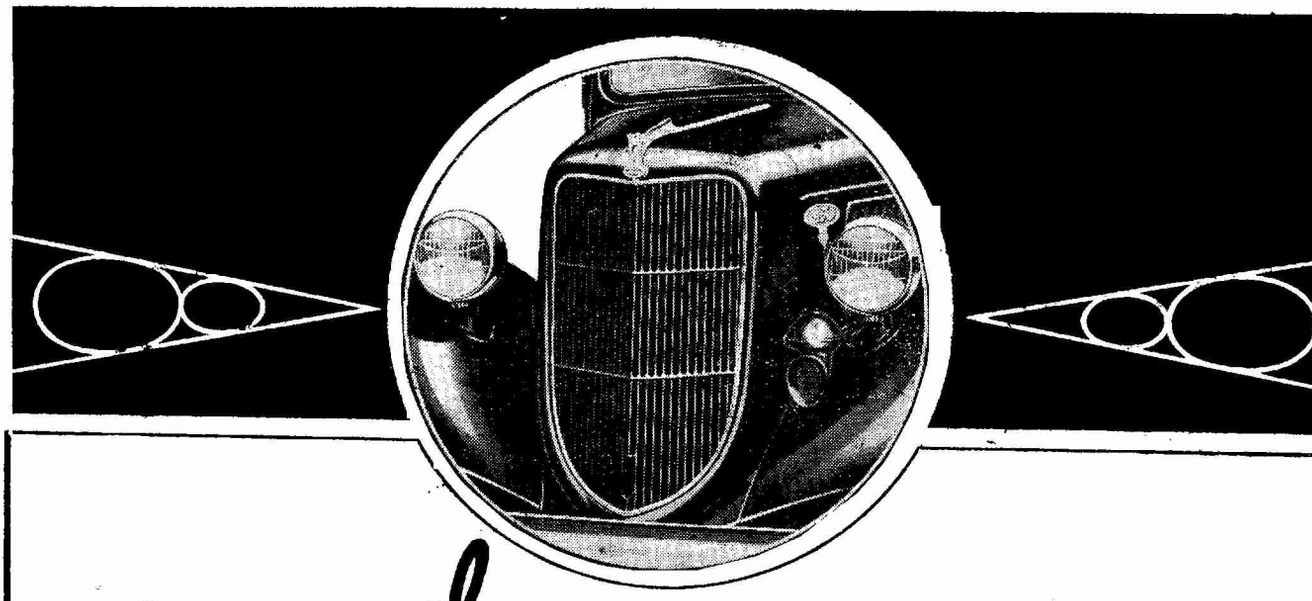

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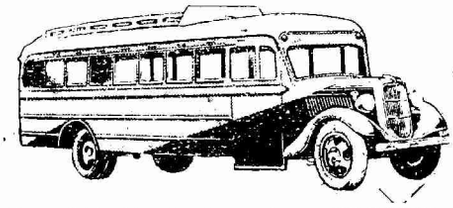

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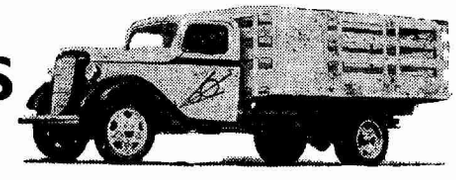

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密勒氏評論報
The China Weekly REVIEW

Formerly Millard's Review

中華郵政特准掛號立券之報紙

Registered at the Chinese Post Office as a Newspaper for transmission with special marks privileges in China.

Volume 77 | Shanghai, China, Saturday, June 27, 1936 | Number 4

THE CHINA WEEKLY REVIEW

Formerly Millard's Review

Cable Address "REVIEWING SHANGHAI"

PUBLISHED AT NO. 160 AVENUE EDWARD VII, SHANGHAI, CHINA, BY MILLARD PUBLISHING COMPANY, INCORPORATED BY THE LAWS OF THE STATE OF DELAWARE, UNITED STATES OF AMERICA.

J. B. POWELL, Editor and Publisher; GEO. W. MISSEMER Asst. Editor; TRYPHON V. KU, Advertising Dept.; F. K. CHAO, Business Dept.

YEARLY SUBSCRIPTION, FIFTY-TWO ISSUES, TWELVE DOLLARS (CHINESE CURRENCY) IN ADVANCE, POSTAGE INCLUDED IN CHINA AND JAPAN. IN THE UNITED STATES AND FOREIGN COUNTRIES EIGHT DOLLARS U.S. CURRENCY. REMITTANCES FROM OTHER COUNTRIES THAN CHINA AND THE U.S. CAN BE MADE BY INTERNATIONAL MONEY ORDER. ENTERED AS SECOND-CLASS MATTER IN THE CHINESE POST OFFICE AT SHANGHAI IN MAY 1917.

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COMMUNICATIONS PERTAINING TO SUBSCRIPTIONS OR ADVERTISING IN CHINA OR ABROAD SHOULD BE ADDRESSED TO THE CHINA WEEKLY REVIEW AT 160 AVENUE EDWARD VII, SHANGHAI, CHINA, TELEPHONE 14741. CABLE ADDRESS "REVIEWING SHANGHAI."

WILL AMERICA FLEE FROM THE JAPANESE JUGGERNAUT?

EDGAR SNOW, writing in the *Saturday Evening Post* for May 9 and June 6, under the titles, "The Japanese Juggernaut Rolls On," and "The Coming Conflict in the Orient," forecasts the Japanese control of China but says the job cannot be accomplished without the scourge of a major war. He then suggests the role that America should play in the forthcoming conflict. Summarizing Mr. Snow's 26 cloumns of text he said the Japanese drive into China is not going to stop, because the Imperial Idea is not going to die until it is killed. He then cites three sets of historical facts in support of his thesis:

1—What Japan's military godheads have already accomplished.

2—What their disciples have told us they will do.

3—What Japan's present rulers must do in order to retain power.

Mr. Snow then recommends an inspection of the Eastern map in 1936 showing, "The Rising Sun floating in triumph over the Kuriles, taken in 1875; Formosa and the Pescadores, booty of the Sino-Japanese War in 1895; Kwantung, Korea and Southern Saghalin, prizes of the Russo-Japanese War; the former German Pacific islands, gift of Versailles; Manchuria, seized from China in 1931; and Eastern Inner-Mongolia—Jehol—presented to Japan without any struggle in 1933." Nor can the realistic cartographer stop at the Great Wall . . he must add an extensive bit of Celestial scenery consisting of the puppet government of East Hopei, at least three northern provinces of China, and the remainder of Inner-Mongolia, areas in which *de facto* authority has definitely passed out of the hands of Nanking . . . . So extremely compromising are the latest capitulations made to Japanese demands, that to many it seems a diplomatic fiction to continue to regard the Nanking Government itself as a sovereign regime, capable of independent action . . . . Japan nears ultimate political suzerainty over an area almost the size of the American Middle West . . . . She is already gathering in the spoils . . . ." What

the loss of Manchuria meant to China and the Chinese people was explained by Mr. Snow as follows:

"Amputation of Manchuria relieved China of 85 percent of her unsettled wastelands, 80 percent of her iron, 55 percent of her finest forest lands, a large part of her coal and more than a third of her total railway mileage. It robbed China of its own best market as well as its most accessible raw materials. Whereas in 1931 Manchuria took more than 27 percent of its total imports from other Chinese provinces, in 1935 China could sell Manchukuo only 4 percent of those imports. It presented Japan with the region of China best suited for industrial development, and enabled her to prevent that development and shuttle the raw materials to her own industries. It gave Japan the wealth by which she began her present mission of conquest in China."

Mr. Snow then controverted the widely-held theory that Japan is going broke and declared his conviction that China will go bankrupt first.... "the process is being accelerated by every economic and political obeisance China makes to the advancing Japanese Juggernaut."

The author then quoted William Allen White, wellknown Kansas journalist who recently visited in China, "We are seeing the last half of the second act....and the play's a tragedy.... whether you realize it or not, America has a prominent role in the drama...."

"Is it still too late for us to keep out?"

Mr. Snow then comes to the point of particular interest to Americans, declaring that once the Sino-Japanese war begins, "America and the European powers will be called upon to protect their valuables....a violent disagreement may at any time occur with the Japanese....for when Nippon's generals begin to regulate Chinese traiffs, when they force economc and political agreements down the throats of the impotent northern puppets, when they take over supreme political control in the northern provinces, and if they finally render Nanking a phantom regime different only in external form from Manchukuo, the rights assured the United States and European Powers by the most favored-nation clauses in their treaties with China are completely invalidated.

The Hirota "Three-Point Program," including demands for (1) realization of positive Sino-Japanese (economic) friendship; (2) recognition by Nanking of the "existence" of Manchukuo; and (3) a politico-military alliance between China and Japan against Communism—implies everything contained in the old Twenty-One Demands of 1915 and very much more. He said the Japanese program covered in the Hirota demands—which the Japanese War Office alleges Nanking has already accepted (for discussion) means the downfall of the Nine-Power Treaty. To quote the author:

"With the strangulation of the Nine-Power Treaty, the organic body of a century of American diplomacy falls apart like a rotten cabbage!"

Then followed a discussion of the British predicament and an analysis (unfavorable) of the proposals for an Anglo-American alliance against Japan. Then a consideration of the Soviet position, the German-Japanese alliance, the French position, and, finally, Mr. Snow's own proposal for a solution of the American problem: First, he covers the familiar ground that the trade of China wouldn't be worth the cost of saving China from Japan; that it would take 1500 years for the United States to sell the Chinese enough goods to repay us for saving them from Japan. Therefore the need for a "revolutionary demarche, a policy independent, dynamic in content, going far beyond the present Neutrality Law:

First, evacuation of all American soldiers and marines and Naval forces from Chinese seaport and inland waters;

Second, relinquishment of privileges which exempt our nationals from the control of Chinese law.

Finally, he declared that the forthcoming Eastern war will be fought on Chinese soil, hence America will be faced with the problem of defending the lives, property and rights of 7000 Americans residing in China. A relinquishment of exterritoriality would eliminate the necessity of defending Americans "on the spot," or at least that is Mr. Snow's argument; whereas a relinquishment of the special rights would permit a withdrawal of our nationals and armed defense of our property, "as with any other nation in the instance of war." Also, it would unload upon those nations retaining exterritorial privileges—Great Britain, France, Japan, Italy and others, the full weight of their reactionary burden on history. It would enable the United States to require of China and Japan the protection of our interests "as we would require such protection from any equal powers."

Mr. Snow thinks (or thought) that this action might save America from another item of U.S.$55,000,000,000, (cost of the World War to U. S. A., including bonuses, unpaid European debts, etc.) and possibly a 1,000,000, dead youths.

In the last paragraphs Mr. Snow rather destroyed his previous conception of the complete control of China by Japan by stating his "own conviction" that in her effort to master the markets and inland wealth of China, Japan is destined to break her imperial neck....that the conditions of suzerainty which Japan must impose on China will....shortly provoke an effort of resistence which will astound the world.....for it is today impossible for a nation like Japan to conquer the Chinese, once the mass power of 450,000,000, people has been put in action, in economic boycott

as well as militant resistence throughout the vast hinterland. Contrary to popular impressions abroad the Chinese are fully capable of successfully combating Japanese imperialism "

However, Mr. Snow in the very last paragraphs of his article (Pages 85 and 87, S. E. P., June 6) made a further qualification by suggesting the possibilty that the "combined power of Japanese and Chinese militarism may succeed in fastening upon the Chinese people a program of domination by Japan." At any rate, he declared that no one could determine the self-determination of China except the Chinese, and as for the United States, "The position we occupy in China as an imperialist power is economically, politically and morally anomalous and artificial. We should get out as quickly as possible by revising our treaty ratings."

The Kaspe Murder Case and the Abolition of Exterritoriality in Manchukuo

IF the decision of the Harbin Court in the Kaspe murder trial may be taken as an example of improved conditions under the new administration of justice in Manchukuo, then the Japanese will, in due course, receive credit for their action in abolishing extraterritoriality in the puppet state.

Simon Kaspe, youthful son of a Jewish merchant in Harbin, was kidnapped in 1933 and held for a ransom of $300,000, the original reports giving the impression that the kidnappers were Chinese bandits. During the course of the gruesome affairs the gang tortured Kaspe and finally cut off his ears and fingers which were mailed to the terrorized parents. Finally when they were unable to obtain the ransom demanded young Kaspe was murdered.

Owing to the fact that Kaspe, an accomplished pianist, had been educated in Paris and had become a French citizen, the French Vice-Cousul in Harbin Albert Chandon interested himself in the case and entirely as a result of his efforts it was disclosed that Kaspe had been kidnapped not by Chinese bandits but by white Russian gangsters, some of whom actually were or recently had been serving as detectives on the Harbin police force. Owing to the influence of the Russian gang in Harbin politics it was difficult to get action and the case was further complicated by the fact that the Japanese had just come into political and military control of the North Manchurian territory. But the youthful and energetic French Vice-Consul persisted and finally succeeded in having the gangsters rounded up, one of the leaders named Galusko being killed when the arrests were made.

Of the six members of the gang who were brought to trial, four named Kirichenko, Martinoff, Shandar and Zaitseff received sentences of death while two named Kommissarenko and Bezruchko received sentences of life imprisonment at hard labor. It is not known whether the sentences are subject to review by the newly created Changchun Supreme court because one report from Harbin stated that the accused were tried under the laws against banditry in Manchukuo, hence none of them have the right of appeal.

There will be general satisfaction at the outcome of this trial not only in Harbin but also in Shanghai where the Harbin gangsters also had connections. According to the account which was written by the Harbin correspondent of the *North China Daily News* and published here on June 20 the prosecution of the white Russian gangsters which dragged out for many months was accompanied by sensational developments. It was disclosed that the gangsters, actually led by detectives on the payroll of the Harbin police force, had long concentrated upon the blackmailing and extorting of funds from Jewish and Soviet residents of Harbin. The correspondent stated that if Kaspe had merely been a Soviet subject probably nothing would have been heard about the case but the fact he had French protection resulted in action being taken and this led to exposures of a sensational nature, that the gangsters also probably were responsible for two other murders of Jewish residents named Kaufmann and Alter. It was also stated that the Russian newspapers in Harbin, under reactionary influence, had done everything possible to create the impression that the gangsters would be let off with light sentences. During the course of the trial the defending counsel made a "patriotic" appeal for the culprits based on their alleged service to the late czarist empire and defended the old regime's policy in persecuting Jews. Adopting latest Nazi tactics the defending counsel caused to be inserted in the record extracts from certain authors alleging that members of the Jewish race should be removed from the earth; hence the acts of the gangsters in blackmailing and murdering Jews were justified! The correspondent stated that the acts of Russian criminals in Harbin with their connections on the police department, in the kidnapping and extortion of money from wealthy residents "would fill a book," and it even was alleged that they had accomplices serving as reporters on the staff of one of the Russian newspapers in Harbin which had received large sums as blackmail form rich merchants.

As indicated in the foregoing the decision in the Kaspe case was of special interest due to the

recent decision of Japan in "surrendering" extraterritoriality in the puppet state. Since the Kaspe decision came almost simultaneously with the publication of the Japan-Manchukuo treaty wherein Japan took the first step toward relinquishing her "special rights" there was a possibility that the Japanese officials in Harbin desired to demonstrate their ability to dispense justice in an important case involving non-Japanese nationals. But regardless of that point there is general knowledge that Japan's decision to abandon her rights of consular jurisdiction over Japanese subjects in the Manchurian provinces, constituted the best possible evidence of the firm control which the Japanese army has established over the Manchurian courts and police departments. With the courts and police departments throughout the former Chinese provinces now completely staffed by Japanese subjects, the Japanese were in a position to relinquish judicial control over their own subjects without fear of unfavorable consequences. Any Japanese subject brought before a Manchurian court will be in the hands of his own Japanese nationals serving as policemen and he will face a Japanese judge; hence there will be little actual difference from conditions which previously prevailed in the Japanese consular courts in Manchuria.

The real difficulty in Manchuria will be experienced by Occidentals, whose home countries have not recognized the puppet state and in consequence are not in a position to "surrender" exterritoriality and receive any of the benefits which allegedly will accrue to the Japanese.

Among the benefits accruing to the Japanese will be the legalized right of residence and land-ownership throughout Manchuria. Previously the Chinese authorities blocked Japanese and Korean land-colonization by refusing them the right of owning land. Now the Japanese will have the legal right of grabbing all the land they may wish from the Manchurian peasants as they did previously from the peasants in Korea. Already it is reported that large land-colonization schemes are in formation which involve the dispossession of Chinese settlers and the actual destruction of numerous Chinese villages. Another element which inspired the Kwantung army to work for abolition of extraterritoriality was the desire to tax everybody for the support of the puppet state, for which the Kwantung army is responsible. Previously no Japanese in Manchuria ever paid any taxes and since the Japanese constituted the larges and wealthiest group of foreigners, the loss was keenly felt in the Manchukuo treasury, presided over by a Japanese appointed by the Kwantung army. Now the Japanese will have to pay taxes and while the South Manchuria Railway monopoly still occupies a special position, it also will be compelled, sooner or later to also pay taxes to the puppet treasury. Since the Russians lost their extrality rights several years ago the changed status will not affect them and as for the masses of the Chinese the change will have little effect on them as they have no voice in the matter anyway. Owing to the uncertainties concerning other foreigners such as Americans, Britons and Frenchmen, it is impossible to determine what will happen. It was stated that one large British firm, the British-American Tobacco Company, already contributed 7 percent of Manchukuo's national income in the form of taxes; hence it is likely this will be greatly increased. The following summary of the new Japan-Manchukuo treaty dealing with extraterritoriality was reproduced from the Harbin correspondence of *North China Daily News*:

> The new treaty has marked the first step towards the abolition of Japanese extraterritoriality and the transfer and adjustment of administrative rights in the South Manchuria Railway. It consists of the main provisions, in six articles, a supplementary agreement of eight articles, and five "Agreed terms of Understanding." The first article provides that Japanese subjects shall be free to reside travel, trade and pursue their callings and professions public or private, and shall also enjoy all rights relating to land, within Manchoukuo, and shall not be accorded less favourable treatment than may be accorded to subjects of the Manchoukuo Government.
>
> Article II provides for the application of Manchoukuo's laws concerning taxation and industries etc, subject to various stipulations. Such laws shall also apply to the S.M.R. Zone. Article III applies the preceeding articles to Japanese juristic persons, that is to registered companies, partnerships corporations and the like.
>
> Article IV protects such rights, privileges immunities and exemptions, of particular Japanese subjects or juristic persons as are based on special engagements between the Governments. Article V names July 1 as the date ofenforcement. Article VI provides that the Japanese text shall prevail if any difference of interpretation arises. This is not strange since a great majority of Japanese officials, in Manchoukuo employ, are not entirely proficient in Chinese. It is interesting to note that the English version, issued by the Foreign Office, uses the word "Chinese" text instead of the incorrect adjective Manchu which some Japanese writers fondly imagine is the correct English adjective from the word Manchoukuo.
>
> The supplementary agreement is intended to prevent sudden violent changes in the economic life of Japanese in Manchukuo. The first article binds Manchoukuo speedily to convert the rights of, "Lease by negotiation," possessed by Japanese, into ownership or other rights relating to land.
>
> Article II restricts the scope of laws to be applied to Japanese to those approved after consultation between the Japanese ambassador and the foreign minister of Manchoukuo, and provides the previous approval of the ambassador for any important alterations in laws and ordinances which apply to Japanese subjects.
>
> The laws which are to be discussed immediately are in the main confined to those realtinig to taxes on:
>
> Land, immoveable-property contract, business, juristic person's business, corps, timber mining, mining registration, alcoholic drinks, cigarettes, commercial registration and patent registration. Local tax regulations, the consolidated tax, administrative laws and ordinances relating to industrial property, weights and measures, measurements, mining, markets, stock-farming, finance and monopoly are included in the preceeding catagory.
>
> The rates to be levied upon Japanese subjects are subject to previous consultation between the ambassador and the foreign minister. For business tax, household income tax and house tax on individuals one-fourth the original rates shall be imposed, and on juristic person's business and houses, the levy hall be one-third of the original rates.
>
> Article III entrusts the application and execution of laws and ordinances which apply to Japanese sub-

jects to their consular officers, subject to their general consular regulations. The proceeds of fines, penalties and confiscations are to go to the Manchoukuo Treasury.

Article IV provides that not later than December 1, 1937, an agreement shall be made for the abolition or transfer of the Japanese police, and provides that until such agreement is put in force laws which concern taxation and those which have special bearing upon the administrative police shall not be enforced in the Railway Zone. Manchoukuo engages to perfect their police system and prepare for taking over the Japanese institutions and staffs concerned. Until the transfer is effected Japan engages to levy, as far as possible, taxes the same as the national taxes upon Japanese outside the zone. Local taxes within the zone will not be levied until after the institutions for public works, education and sanitation shall have been disposed of by a seperate agreement.

Article V provides that Manchoukuo shall take over certain Japanese institutions and staffs simultaneously with the enforcement of the laws specified in article II. Article VI guarantees prompt redress of any grievance by a Japanese subject against administrative measures with referenece to the law specified in article II. Article VII provides for official publication in Japan and Manchoukuo of decisions of the ambassador and the minister and of the approval of the ambassador, specified above.

The "Terms of understanding," provide that if a Japanese desires to acquire land rights in an unopened Mongol region, he must obtain special permission. The Mongolian policy of Japan is too vital a part of the defence scheme to allow Mongolian districts to be exploited without closer supervision.

The second term provides for Manchoukuo sharing the expenses for the special educational work for Japanese, the details to be decided by the ambassador and the foreign minister. Manchoukuo undertakes to further improve the system of taxation and to protect rights or interests which Japanese now enjoy under their own laws or by usage. The last term provides for special conference to decide the consumption tax for articles produced within and consumed without the Railway zone, and also those consumed without but produced outside.

Formerly Japanese were permitted certain rights in South Manchuria, but even there the rights with regard to land were limited. Now they will enjoy all of the rights possessed by Manchoukuo subjects, and will only gradually assume equal tax burdens.

Northern Generals Seize Revenues Then Appeal for Peace in South

THE Shanghai correspondent of the *Tokyo Nichi-Nichi* sent a dispatch which was published in his paper on June 19 alleging that the National Government would now be compelled to agree to the Japanese program as presented by the new Ambassador Shigeru Kawagoe. The Japanese correspondent stated in his dispatch that the trouble in South China had forced Nanking to the position where the Government would be "ready to offer its last card to Japan," the alleged Nanking proposals being as follows:

1—The East-Hopei and the Hopei-Chahar regimes to be amalgamated and efforts would be made to solve the North China "special trade issue."

2—The North China Tariff Administration shall be independent on the condition that Nanking is to receive sufficient from the Northern customs administration to pay foreign obligations secured on the customs returns.

3—China will coperate with Japan against the Communists.

Whether this report by a Japanese correspondent was based on substantial information from official sources is not known, but it is known that developments of far reaching character are likely to follow the visit of Ambassador Kawagoe to the National Capital, scheduled for the coming week. The visit of Major-General Seiichi Kita, Japanese Military Attache and his imposing staff to Nanking last week and the visit of Kazuo Kawashima, Director of the East Asia Bureau of the Tokyo Foreign Office, to Nanking this week were for the purpose of setting the secenery for the appearance of Ambassador Kawagoe. Mr. Kawashima didn't receive much publicity but his appearance, first in North China, then Tsingtao, then Nanking and later in Shanghai and Hankow were of greatest significance. He was sent to China to look into the smuggling situation, hence he probably told Nanking what Japan's price would be to stop the illegal traffic.

In the meantime the two leading Northern warlords, General Sung Cheh-yuan, head of the Hopei-Chahar Council and General Han Fu-chu, head of Shantung, have held two conferences, one in Shantung and the other in the North and have sent some significant telegrams to Gen. Chiang Kai-shek urging a peaceful settlement of all differences between Nanking and the South. These two former Kuominchun commanders, subordinates of General Feng Yu-hsiang, have tried to surround themselves with an aura of ultrapatriotic motives, but along with the telegrams urging peace have come reports from the North indicating the seizure of revenues which belong to the National Government. In last week's issue of *The Review* there was a report about the seizure of tax revenues paid by two leading British companies, the British-American Tobacco concern and the Kailan Mining Administration. Elsewhere in this week's issue appears another report indicating that the seizure of national revenues in the North is much more serious than at first reported. Also there have been reports of even more significance, to the effect that the Sung-Han telegrams to Nanking were accompanied by private messages suggesting that an outbreak of civil war in the South would, in all probability be accompanied by Japan's outright military seizure of North China—in which event it might become necessary for the two leading Kuominchun warlords in the North to move their troops southward to Hankow and Nanking —"because there are no other places to go!"

At any rate it has all combined to put Nanking and the National Government's chief militiary supporter, Gen. Chiang Kai-shek, "on the spot," to borrow a phrase from American gangdom.

With potential enemies in the North and genuine enemies in the South and the Japanese at the gate he is faced with problems of greater seriousness than at any previous period of his career. Heretofore Gen. Chiang has met these problems in bold and realistic manner and has managed to emerge to a stronger position; hence the expectation that he will again sense the real sentiment of the nation and adopt policies which will save the country from domestic strife and pave the way for genuine unity against the major menace recognized by all!

General Sung Seizes Tax Funds Exceeding $6,000,000

SPECIAL CORRESPONDENCE FROM PEIPING

THE passive role of Japan was only one element in the latest loss of revenue in North China when General Sung Cheh-yuan successfully wrested $6,000,000 a year from the National Consolidated Tax Bureau. Though the Hopei-Chahar government may later be altered or removed, this seizure of taxes in the North represents a serious loss to the National Government.

The story of the recent tobacco tax squabble in Tientsin is a sordid one, and has been carefully shielded by the Northern Consolidated Tax Office, the Hopei Chahar government, and the various tobacco companies. They all "lost face," hence the secrecy.

One June 2 and for ten days ensuing General Sung demanded a special cigarette tax of $80 a case, exactly equal to the Nanking tax; unless this special tax were paid, General Sung refused to release cigarettes from bond. The demand was handed to the National Consolidated Tax Bureau in Peiping in the form of a proclamation; and judging by the complete cessation of the wholesale cigarette trade during that 10-day period, one can surmise the degree of control which General Sung exercises over national revenue officers in North China.

But the proclamation was said to have been a bluff or screen to hide the real strategy of General Sung. At the end of ten days the smaller tobacco companies announced that they had produced shop guarantees to assure payment of the necessary taxes when demanded; but actually, behind closed doors, the tax officials had whispered that no such tax would be collected. It is even doubted now that the shop guarantees were given, and the tax office denies that it ever asked for a special tax.

The real viction of the whole procedure was the Yee Tsoong Tobacco Company, distributing agency for the British American Tobacco Company. This company handles a great preponderance, perhaps 80%, of all the tobacco trade in North China, but has been paying its taxes in the form of loans directly to Nanking. General Sung coveted these taxes, which amounted to between $700,000 and $800,000 a month; he was trying to find a method to force its payment in Peiping.

During the third week in June, after lengthy negotiations at Shanghai and Peiping, an agreement allegedly was reached by which the Yee Tsoong Company will purchase tax stamps for its sales in North China at Peiping, and General Sung will be permitted to use $500,000 of this sum each month for his own military expenses. In other words, Gen. Sung has taken advantage of his "autonomy" to increase his revenues to the amount of $6,000,000. As a gesture of sincerity the Yee Tsoong Company was said to have purchased over $300,000 worth of tax stamps from the Peiping office at the time of this agreement.

News agencies early in June linked the new cigarette tax with the manufacture of illicit Japanese cigarettes in Tientsin, suggesting that any increase in taxes would likewise increase the margin of profit for the Japanese producers. The relationship now appears to be questionable because the total Japanese production, using hand machines, Chinese tobacco, smuggled paper, and old B.A.T. cartons, does not exceed one hundred cases a month, whereas the Yee Tsoong company alone is distributing about 9,500 cases (of 50,000 cigarettes each).

General Sung's motive in reaching out for greater revenues seems not to come entirely from Japanese pressure but is rather a reflex against Japan. He has been told by Japanese military authorities, in no uncertain terms, that he shortly will have to get out. That means it is time to make money and prepare to move.

Since the land tax offices of Hopei, and the house tax bureaus of Peiping and Tientsin were bled white when the Japanese forced the departures of Yu Hsueh-chung, Wang Keh-ming, and Shang Chen (one of whom raised a million dollars from the city of Peiping in less than two weeks), the only lucrative revenues for General Sung to seize was the national taxes on wine and tobacco, the receipts of the salt administration in Tientsin, and the customs revenues.

From the salt office for the past year the Hopei-Chahar government has been receiving $1,500,000 a month, but this did not satisfy General Sung who allegedly forced the Changlu District Salt Commissioner to borrow money on future salt collections to the amount of $900,000 up to June 1, 1936.

Gen. Sung allegedly was secretly urged to seize the customs revenues at Tientsin, but that was difficult because of its foreign guardians, and because 20% of the receipts were used for foreign loans. Also the Tientsin customs receipts, due to smuggling had because uncertain, having dropped 25% during the first five months of 1936, compared with 1935. No one knows to what extent the Hopei-Chahar government has shared in the profits of Japanese smuggling, but since no effort was made by any North China official to interfere with this trade, some people suspect connivance.

The third source of national revenue in North China is the Consolidated Tax Bureau at Peiping, which handles all revenues for the four provinces of Hopei, Chahar, Suiyuan, and Shansi. The revenue totalled $45,000,000 for 1935. The recent negotiations with the Yee Tsoong Tobacco Company, and the securing of $6,000,000 a year for General Sung, represent the first inroad on the Consolidated Tax Office.

It is generally doubted whether any receipts of the Peiping Consolidated Tax Office are being despatched to the National Government, and in the event that the 29th Army is removed from its present position in the near future, there is very small likelihood of Nanking seeing any of the North China revenues from these recent days of uncertainty.

Peiping, June 21, 1936.

Chinese Customs Forbids Entry of "Asia" Magazine Into China

An official Customs Notification this week announced that the entry of *Asia* Magazine into China is forbidden. The *Shanghai Evening Post* surmised that the reason for the ban was the publication of an article in the May issue on the "Blue Shirt" organization of General Chiang Kai-shek, written by Wilbur Burton, who is at present travelling in western China. When H. J. Timperley, advisory editor of *Asia* in China, at present residing in Shanghai, was approached concerning the matter he said that the incident had already been settled between Richard J. Walsh, the editor, and the Chinese Consul General in New York. He said he was surprised that a ban should be issued now.

Sir Frederick Leith-Ross Ends Investigations in Far East—Issues Formal Statement

THE visit of Sir Frederick Leith Ross, British Economic Adviser to the Far East, came to an end June 23, when he boarded the s.s. *Rawalpindi*, in Shanghai, on his return trip to England. In interviews just before the left, Sir Frederick stated that E. Hall-Patch, who had assisted him during his investigations here, would remain in China attached to the British Embassy as financial adviser. Sir Frederick told questioners that while confidence in China's currency was growing, there was still much to be done before it could be solidly assured as a basis for long-term trading and investment plans. Agreeing that the stability of the currency depended in a large measure upon the stability of the Nanking Government, Sir Frederick said at the same time that he did not feel disposed to answer such a hypothetical question as to whether currency chaos would not follow the defeat of the Nanking regime in a civil war. He said he had received Japanese assurances that they would give no support to the creation of special tariffs by local authorities, and he had advised the Chinese Government that a scaling down of China's Customs tariffs, some of which required readjustment in the light of the present exchange position, would be beneficial to China, both financially and economically.

WHEN THE CHINESE-AMERICAN SILVER PACT WAS SIGNED

—Picture, Courtesy North-China Daily News

Scene at the Treasury Department, Washington, when the Chen-Morgenthau agreement was reached, which has resulted in the United States making further large purchases of silver from China. Left to right; seated: Dr. Alfred Sze, Chinese Ambassador to Washington; Henry Morgenthau, Secretary of the Treasury, and K. P. Chen. Standing: Y. C. Koo, Wayne C. Taylor, Assistant Secretary of the Treasury, P. W. Kuo, and Archie Lockhead, technical assistant to the Secretary of the Treasury.

Sir Frederick Leith Ross issued a formal printed statement just before leaving. In it he said had spent nine months examining the financial and economic difficulties of China and the possibilities of Britain assisting her, in conjunction with the other Powers intersted, to overcome these difficulties. As regards China's decision to adopt an inconvertible managed currency on the basis of its own resources, Sir Frederick said he had no responsibility for this bold step, but, of course, he

closely followed the situation and had no hesitation in saying that the action taken has been fully justified by the success which it has achieved. It was accepted throughout China without any serious difficulty. The rate of exchange fixed has tended to encourage exports and the resulting increase of agricultural prices should, in due course lead to an improvement in the purchasing power of the agricultural producers.

In Sir Frederick's opinion, the prospects of the whole financial situation of China for the future will depend, first, on the maintenance of peace and order in the interior of China, and, secondly, on a settlement of the special situation in North China. In particular, the Customs revenues are a vital factor in Chinese finance and every efforts should be made to put an end to the difficulties in the way of their collection in East Hopei. Those difficulties cannot be removed without a better political understanding between China and Japan. As regards imports, these are largely affected by the tariff, and he hoped that the Chinese Government would consider whether the present tariff cannot be revised in a downward direction so far as this was possible without reducing revenue. During recent years a number of the tariff rates had been pushed up to a point at which they produce no revenue and merely prohibit legitimate trade. These rates, in the opinion of Sir Frederick, require to be reconsidered in the light of the present exchange position.

Addressing himself particularly to his own countrymen, Sir Frederick said that while he hoped that Britain would get its fair share of the import trade into China when the revival which all were hoping for arrived, he felt that Britain's best field in this country was the "export of capital." However, defaults on previous investments had seriously impaired China's credit, although the National Government appeared genuinely anxious to settle outstanding obligations within the limits of its financal possibilities. Apart from railway financing, which calls for long-term credit, the possibilities of arranging middle-term credits deserves exploration, Sir Frederick's report stated. He agreed with the opinion expressed by the American Economic Mission's report that great changes were developing in this country and expressed the opinion that these changes would make China not a less but a more fruitful field for British enterprise. Reverting to China's currency reform he felt that it was planned on sound economic lines and it was in the interests of every one that it should succeed.

The Tokyo *Nichi Nichi* June 16, stated that contrary to declaratons made by Japan's responsible leaders at the time of the visit of Sir Frederick Leith-Ross, the Japanese Government is interested in extending aid to China for railway construction in the form of "material capital" as the first step to economic co-operation and is not averse to the idea of co-operation with Great Britain. Shigeru Kawagoe, Ambassador to China, it was stated, had been instructed to sound possibilities in this regard upon arrival in China.

The above opinion contrasts with a statement made by Mr. Kawagoe, recently appointed Japanese Ambassador to China, just before his departure from Tokyo, as follow: "Japanese will give economic assistance to North China, a territory bordering on Manchukuo. Japan will lend money to the North China authorities for the building of railways, development of agriculture, opening of mines and other enterprises. All those economic projects, which will yield no economic profit will be undertaken by the Japanese, in order to improve the economic well being of the people and the realization of a Sino-Japanese rapprochement." This led the Shanghai *Ta Wen Pao* to comment: "It is apparent that Japan is concentrating its attention on economic domination of China. As mentioned by General Isogai there is no separation between economics and politics. In order to accomplish its economic domination, Japan must first conquer China politically. To conquer China politically, Japan must send troops to North China. Knowing that the Chinese Government will strive for the maintenace of peace and will be ready to sacrifice if peace cannot be maintained, Japan is working hard to cause disorganization in China, including the so-called autonomous movements."

The London *Times* of June 23, commenting on the formal statement issued by Sir Frederick, stated that it was an open secret that foreign commercial interests are fighting a rearguard action in the Far East. The chronic difficulties of doing business in China are increasing, but slowly; but they are increasing and are enhanced by the inability of all European governments to convince observers, whether Oriental or otherwise, that they either possess, or could put into, effect, a policy in the Far East. Europe, *The Times* proceeded, has lost face steadily for the last ten years, through no fault of her own, but never without adversely affecting her own interests in China and Japan. "Japan has already, with impunity, kicked foreign interests through the open door in Manchuria, and a foretaste of what such interests may expect elsewhere on Chinese territory under Japanese control has been adequately indicated in China within the last few weeks."

Sir Frederick Leith Ross Bids Farewell to Government Leaders at Nanking

Sir Frederick Leith-Ross, Economic Advisor of the British Government, and Lady Leith-Ross, bid farewell to Government leaders at Nanking June 20. They were greeted at the railway station by representatives of Dr. H. H. Kung, Minister of Finance, and Chang Kia-ngau, Minister of Railways, as well as officials of the British Embassy. Sir Frederick and Lady Leith-Ross were the guests of honor at a luncheon given by General Chang Chun, Minister of Foreign Affairs. They were also guests of General Chiang Kai-shek, and Madame Chiang in the evening. After cordial farewells, they left for Shanghai by the night express in the company of Dr. H. H. Kung, Minister of Finance.

Gen. Chiang Disclaims Intention of Becoming President; Kawagoe Urges China to Forget Past

HIGH LIGHTS IN THE EVENTS OF THE WEEK:

1. **General Chiang Responds to Northern Generals' Appeal for Peace.**
2. **Liang-Kwang Military Leaders Urge Support of Anti-Japan Move.**
3. **Nanking Warns Southwest Military Authorities to Cease Warlike Activities.**
4. **Gen. Chen Chi-tang Assumes Command of Anti-Japanese Forces.**
5. **Severance of Diplomatic Relations with Japan Demanded by Southwest.**
6. **"Anti-Japanese" Kwangsi Leaders Obtain $5,000,000 Loan from Japan.**
7. **Kawai Lodges Second Protest with Kwangtung Against Anti-Japan Activities.**
8. **Kawagoe Urges China to Forget Past but to Deal With Future.**
9. **Nanking Denies Suma Gave Gen. Chang Chun "Stern Warning."**
10. **Japan to Demand Incorporation of Shantung into Hopei-Chahar Regime.**

Generalissimo Chiang Kai-shek declared that he had no intention of being a candidate for President in an interview with a representative of the *North China Daily News* at Nanking on June 17. Questioned about the forthcoming assembly in November, Generalissimo Chiang said that "the purpose of the November Assembly is to enable the people as a whole to participate in political affairs; to take upon themselves the responsibility of saving the country, and unitedly to solve national problems." "The Kuomintang feels," added the Generalissimo, "that unless the whole country is together, it is impossible to save China. Therefore, the November Assembly has been called to promulgate constitutional laws; to return to the people political power, and to invest them with the authority to form a government to take over the responsibilities of the tutelary period of the Kuomintang. This is the unanimous opinion of the whole Party, and I am not aware of any member having any presidential ambitions in his mind. Every member realises that only if we can all accept responsibility, be law abiding, and willing to sacrifice all personal feelings concerning position, power, and benefits, can the country be saved." Asked why he is unwilling to become a Presidential candidate, the Generalissimo explained that "at this critical juncture of the country's history everyone should exert himself to the utmost for the benefit of the nation, and I do not feel that I would be doing that if I sought presidential honours. I feel that my greatest contribution to national needs comes through being able at any time to visit near and distant parts of the country, to observe the requirements of the people, and be available at any time to assist in the solution of the various problems connected with military reorganization, educational reforms, economic reconstruction, rural amelioration, nter-provincial communications, and all other questions affecting the fundamental welfare of the people." "As President," the Generalissimo added, "it would be impossible to continue such wide and far-flung contacts, for the simple reason that presidential duties require almost constant presence in the capital." "As I have said," the Generalissimo concluded very earnestly, "I feel that mobility on my part is my best contribution to the upbuilding of China, and because I do not wish to have that mobility curtailed I have no intention of allowing myself to be nominated as a candidate for the presidency."

General Chiang Kai-shek was called by the *Shanghai Nippo* June 20 "one of the world's greatest living heroes" for his ability in dealing with issues that even "Joseph Stalin, Adolf Hitler and Benito Mussolini are not called upon to settle." This compliment formed part of an editorial in which the journal expressed its conviction that General Chiang's reported intention not to seek the presidency of China was a subterfuge, designed to deceive the South-west. "General Chiang," said the paper, "is as much the stabilizing force in China as Japan is in East Asia. Some people clamour for his removal. But who can occupy his place after his downfall? It is possible that General Chiang will not seek the presidency until national unity is achieved. Until that moment he might place a puppet in the presidential mansion."

GENERAL CHIANG RESPONDS TO NORTHERN LEADER'S APPEAL FOR PEACE

Assuring Generals Han Fu-chu and Sung Cheh-yuan, Chairman of the Shantung Provincial Government and the Hopei and Chahar Political Council respectively, that he would do his utmost to safeguard the foundation of the state until he breathed his last breath, General Chiang Kai-shek, President of the Executive Yuan, has again appealed to the Southwest authorities to refrain from stirring up internecine strife. Replying to the peace appeal of the two northern generals dispatched to Nanking on June 21, General Chiang reiterated the futility of embarking on an internal conflict at the present juncture. General Chiang expressed the hope that the Liang-Kwang authorities would take the word of the Central Government and refrain from aggravating the situation.

A telegram appealing for the cessation of military movements and urging a peaceful settlement of all differences was sent June 21 to Nanking and Canton by General Sung Cheh-yuan and General Han Fu-chu. The message, which was dispatched following a conference between the two generals at Huanghoyen, a station in the vicinity of the Yellow River, declared that internal strife would diminish national energy and make China the laughing-stock of the world. As they were guarding the border provinces, the telegram added, they were most anxious lest an outbreak of war should ruin the country.

Gen. Ma Chan-shan who achieved nation-wide fame for his Nonni River battle against Japanese aggression in Heilungkiang in 1932 has dispatched an urgent telegram to the Southwest leaders, sincerely advising them against embroiling the nation in another civil war.

LIANG-KWANG MILITARY LEADERS URGE SUPPORT OF ANTI-JAPANESE MOVE

A telegraphic appeal to military leaders throughout the country, calling on them to rise in support of a war against Japan, was jointly despatched June 20 by General Chen Chi-tang, the Cantonese commander-in-chief, General Li Chung-jen, the Kwangsi commander-in-chief, and General Pai Chung-hsi, second in command of the Kwangsi forces. The message explains at length why the senders do not believe that China need suffer defeat despite her inferior equipment, and refutes the following arguments against an immediate campaign:

1. Insufficient preparation.
2. Opportune time has not yet arrived.
3. United front still lacking.
4. China's armaments are inferior to the enemy's.

The telegram reiterates that the Liang-Kwang move is entirely anti-Japanese, for which reason it strongly opposes civil war but would do its utmost to oust "all traitors impeding the progress of the anti-Japanese expedition."

Regret that the purpose of the Liang-Kwang anti-Japanese expedition was misunderstood by the Central Government was expressed in a telegram despatched June 18 to General Chiang Kai-shek by General, Li Tsung-jen, Pai Tsung-hsi, and Chen Chi-tang. The message reaffirmed that there was no ulterior motive behind the despatch of the Southwest troops into Hunan, and stressed that "the object of the mobilization was to set an example to the entire country that an anti-Japanese resistance policy must be put into effect." The telegram appealed to the Generalissimo to respect public opinion and lead the country in a fight against the "invaders."

It is understood that the Liang-Kwang authorities have submitted the following demands to Nanking:

1. Assistance to the Southwestern provinces to enable them to tide over their economic difficulties.
2. Collaboration in the anti-Japanese movement, which is considered a prerequisite condition for unification of the country on the lines proposed by the Central Government.
3. Postponement of the National People's Assembly, which is due to meet at Nanking on November 12, this year, and
4. Reform of the constitutional laws of the country.

Nanking, it is believed, is ready to go a certain way to meet the first demand, the other three demands, however, are regarded as quite untenable. In fact, agreement between Nanking and Kwangtung is reported in some quarters to be imminent as a result of the negotiations between high Government officials and Kwangtung delegates in the national capital. It is suggested that General Chen Chi-tang, Commander-in-Chief of the Kwangtung Army, may be appointed concurrently Governor of Kwangtung and Kwangsi in the event of the abdication or eviction of the Kwangsi leaders.

NANKING WARNS SOUTHWEST LEADERS TO CEASE WARLIKE ACTIVITIES

The Central Government, it is understood, has sent a stern warning to the Liang-Kwang leaders to cease immediately all warlike activities as these constitute a threat to internal peace and order. Military authorities in Nanking while emphasizing that the Government does not contemplate an attack on Kwangtung and Kwangsi, point out that if the Southern forces invade areas garrisoned by

Government troops a clash might be difficult to avoid. Reports that Nanking's troops are moving southward are branded as a pure fabrication. It is stated that no Government soldiers have advanced beyond Hengchow, 95 miles from the Kwangsi border. Nanking, it is stated, is making every effort to solve the present crisis peaceably, but it may be forced to resort to "drastic action" if the Liang-Kwang leaders do not cease their independent activities.

The personal position of Generals Li Tsung-jen and Pai Chung-hsi is now the main issue between the Central Government and the Liang-Kwang, according to a *Reuter* message June 18. The Central Government, it is stated, insists that both of them shall go into "voluntary exile" abroad in consequence of their recent actions, which Nanking holds responsible for bringing the country to the brink of civil war. It is doubted, however, whether such redoubtable war-lords will yield without astruggle.

According to *Shanghai Mainichi* June 20, General Chiang Kai-shek is furious over the break-up of the peace conference in Hengchow. It is understood that General Chiang has submitted very strong demands to the Southwestern authorities. The demands are :

1. Dismissal of Generals Li Tsung-jen and Pai Tsung-hsi.
2. Resignation of General Chen Chi-tang who will be given a large sum to go abroad.
3. Abolition of the Southwestern Political Council and the Southwestern Executive Committee.

It is further learned that General Yang Yung-tai, right hand man of General Chiang, will be appointed chairman of Kwangtung; General Huang Shao-hsiung chairman of Kwangsi, while General Chen Cheng head of the Liangkwang pacification Headquarters.

The report that the Central Government had presented an ultimatum to the Kwangsi leaders demanding the withdrawal of the Kwangsi forces from Hunan within a week is denied in official circles in Nanking.

GEN. CHEN CHI-TANG ASSUMES COMMAND OF ANTI-JAPANESE FORCES

Following a sudden decision reached by the Southwest Political Council June 23, General Chen Chi-tang, the Kwangtung military chief, assumed office as commander-in-chief of the First Group Army of the Anti-Japanese National Salvation Forces. A tense atmosphere prevailed during the oath-taking ceremony, which was supervised by Liu Lu-yin, director of Publicity of the Central Kuomintang headquarters, in the presence of General Li Tsung-jen, commander-in-chief of the Kwangsi forces, General Yu Han-mow, commander of the 1st Kwangtung Army, and other prominent Southwest leaders.

SEVERANCE OF DIPLOMATIC RELATIONS WITH JAPAN DEMANDED BY SOUTHWEST

A proposal demanding the severance of diplomatic relations with Japan will, according to a *Reuter* report, be submitted by the Southwest Political Council to the second plenary session of the Central Executive Committee of the Kuomintang to be held in Nanking on July 10. Two other proposals, it is reported, demand :

1.—Repudiation of humiliating Sino-Japanese agreements, and

2.—Emancipation of the mass movement and restoration of free speech and the liberties of the people.

The report that an independent military affairs commission has been established in Canton is denied.

The Kwangsi troops who recently withdrew from Yungchow have resumed their northeastern advance and have now reached a point between Kiyang and Hengchow. Hengchow, now occupied by Central Government troops, lies 95 miles south of Changsha, the provincial capital. Its capture would enable the Kwangsi troops to make for Changsha by both rail and river. A column of Kwangsi troops is reported to be advancing north from Kiyang in the direction of Paoking, an important town 80 miles west of Hengchow and 130 miles southwest of Changsha.

The report that Kwangsi troops are again advancing was emphatically denied June 23 by General Li Tsung-jen, the Commander-in-Chief of the Kwangsi forces. Hunan provincial troops, he said, had taken over the garrison at Yungchow, 15 miles inside the Hunan border, which was recently occupied by Kwangsi troops.

Reports reaching Changsha June 22 stated that the Kwangsi troops which started withdrawal from Chiyang, 50 miles southwest of Hengchow, early last week are now still stationed at Yungchow, 25 miles ssouthwest of Chiyang. The Kwangsi troops, numbering one division and four regiments, have pitched tents in the eastern and northern suburbs of Yungchow.

Reports from Nanning state that the Kwangsi Army is organizing three more divisions of fresh troops with the assistance of former officers of the 19th Route Army. Gen. Oong Chao-huan, commander of the 1st Division of the former 19th Route Army, is reliably learned to have been appointed commander of one of the three new divisions. Gen. Chang Yen, another divisional commander of the 19th Route Army, arrived in Hongkong June 20 from the United States and is shortly leaving for Kwangsi.

Kwangtung troops are stated to be threatening the Fukien border and to have forcibly occupied food depots in South Kiangsi. General Chiang Ting-wen, Pacification Commissioner of Fukien, is reported to have telegraphed Chen Chi-tang, Commander-in-Chief of the Kwangtung army, demanding an explanation.

Central Government troops surrounded and disarmed June 22 Hunanese provincial troops stationed at Hungchiao when the latter revolted, assertedly in opposition to "civil war," alleged a *Domei* report from Canton.

General Teng Lung-kwong, commander of the 9th Division of the Kwangtung forces, has asked for a leave of absence to go to his native place, being not satisfied with the decision of General Chen Chi-tang to send the troops to Hunan. Gen. Li Yang-ching, another high military officer, is also opposing strongly the troop movements. General Li is staying now in Hongkong.

Large numbers of persons were killed and the Government office was beseiged for two days and two nights at Changwu, Kwangsi, when the people revolted against the compulsory conscription of troops for another civil war, reported *Shun Pao* June 18.

"ANTI—JAPANESE" KWANGSI LEADERS OBTAIN $5,000,000 LOAN FROM JAPAN

According to information from authoritative sources, the Kwangsi leaders have concluded a loan agreement with Japan in the name of Da Kwan Company. The agreement was recently signed in Hongkong by Huang Tse-Chin, Commissioner of Finance of the Kwangsi Provincial Government, representing Kwangsi and the important terms of the agreement are as follows :—

(*a*) The total amount of the loan is $5,000,000.
(*b*) Japan shall supply to Kwangsi 10,000 barrels of cement, 10,000 rifles and 20 aero-planes, the cost of which is to be deducted from the loan.
(*c*) It is secured with all the magnesium mines in Kwangsi and Japan is given special preference to make investments in the province.
(*d*) The loan is to be refunded by Kwangsi by installments in ten years.
(*e*) Japan shall from time to time give material assistance to Kwangsi.

KAWAI LODGES SECOND PROTEST WITH KWANGTUNG AGAINST ANTI-JAPANESE MOVE

Following the rejection of his first protest, T. Kawai, the Japanese Consul-General in Canton, lodged another protest June 20 with the Kwangtung authorities against anti-Japanese activities in the Southwest. The present agitation, Mr. Kawai reminded the Chinese authorities, might have serious consequences. In rejecting the first Japanese protest, the Kwangtung authorities said they could not prohibit anti-Japanese activities "because they represent the manifestation of the people's will and the natural reaction to Japan's aggressive acts in Manchuria, Jehol. North China and Shanghai since the Mukden incident."

Reuter learns that the Kwangsi authorities have decided not to reply to the second protest lodged by Tatsuo Kawai, the Japanese Consul General in Canton, against anti-Japanese activities in the South cities. The Kwangsi Government is reported to have dispensed with the services of all Japanese military advisers. It is understood that not a single Japanese officer is to be found in any part of Kwangsi.

Current reports that Japanese gunboats will be dispatched to Canton to protect Japanese residents there were denied by T. Kawai, Japanese Consul-General.

A large consignment of ammunition purchased by General Chen Chi-tang from Europe has arrived at Hongkong, reported *Shun Pao* June 22. As the Kwangtung authorities have no permit from the Central Government, the Hongkong authorities refused the unloading of the goods in the colony.

The Kwangsi authorities have purchased large quantities of ammunition from Jaapn. More than 2,000,000 rounds of munitions, 2,000 machine guns, 80,000 barrels of cement, 5,000 tons of barbed wire, and 200 motor trucks have arrived in Hongkong. These large quantities of ammunition and trucks were sent to Kwangsi on June 19, reported *Shun Pao* June 23.

KAWAGOE URGES CHINA TO FORGET PAST BUT TO DEAL WITH FUTURE

Ambassador Shigeru Kawagoe, Japan's new envoy to China, arrived at Shanghai at 3.30 p.m. June 22, aboard the *Asama Maru*. In a brief interview with Japanese, Chinese and other newspapermen aboard the *Asama Maru*, Mr. Kawagoe deprecated Chinese fears in connection with the increase in the Japanese Garrison in North China.

"Anyone who properly understands the reason why the Japanese forces were augmented should have no fears. For one thing, Communist armies have come very close to North China, an area where Japan is vitally interested. This has caused concern to the Japanese Government. Another factor is the increase in the number of Japanese residents in North China. With the former number of troops, it would have been impossible to afford them sufficient protection," he said.

The Ambassador denied that the increase had been made in an effort to exert pressure upon the Chinese Government to cause the latter to accept the so-called "Three Hirota Principles."

Mr. Kawagoe said that the Tokyo Government would take "measures regarded as appropriate by Japan" to deal with smuggling sa soon as a complete study of the causes and the results of the special situation caused by the establishment of the East Hopei

Autonomous Government and the latter's reduction of the Chinese import tariff, had been made.

In addition Mr. Kawagoe issued the following prepared statement:

"I wish to state that I am keenly conscious of the great responsibilities of the post which I have come here to occupy.

"Fortunately like my predecessors, the former Ambassadors, Messrs. Arita and Ariyoshi, I have long been immersed in Chinese affairs in and out of my country, and have a large number of friends in all parts of China. Relying upon my old friendships and personal connections, I will do my best toward the readjustment of the Sino-Japanese relations.

"Difficulties are many and complex that confront China today, but the economic development of the nation is, I believe, of the most urgent necessity. And there is no need of saying that Japan sincerely hopes to be able to collaborate with China for this very purpose.

"I am confident that such collaboration in the economic field will serve to bring our two countries together still closer, to promote the amicable and neighborly relations between our peoples, and to insure the peace of East Asia.

"I appeal to all amy friends for their generous support and cooperation toward the fulfilment of my mission."

"In seeking the readjustment of Sino-Japanese relations, we should look to the future instead of dealing with the past," stated.

Mr. Kawagoe, new Japanese Ambassador to China, as he met Japanese reporters at his official residence on Route Pichon in the first press conference on June 23, said "It will be much more practical to map out a suitiable course for Sino-Japanese relations to follow in the future, that to attempt to settle old problems. I also believe that it will be easier to deal with what is to come than with what has really happened. I intend to devote myself to my new duties with that idea in mind." Practical considerations, Mr. Kawagoe said, should govern all efforts to place the relations between the two countries on an amicable basis. "A political settlement is being advocated, but I believe that economic co-operation offers the best means for a practical readjustment. It is evident, to anyone who studies the question, that Japan and China are destined to cooperate in the economic field. Only when this is achieved will China be commercially developed and the standard of living of the Chinese people be raised," the envoy continued. Such economic co-operation, he went on, should be started first in North China, "because conditions there are such that we can achieve results." Mr. Kawagoe remarked that it would be impossible for "diplomacy alone" to bridge the present differences between Japan and China. The two peoples must unite through the efforts of those at the head of their respective states if Japan and China are to achieve real amity."

Mr. Kawagoe, new Japanese Ambassador to China, assumed his new duties June 23. Mr. Kawagoe will proceed to Nanking on June 28 if the date for the presentation of his credentials, now tentatively fixed for June 30, will not be changed.

A rare Chinese treatise on ancient porcelain was presented June 17 to Hachiro Arita, Foreign Minister, by Hsu Shih-ying, Chinese Ambassador to Japan. Both are known as ardent collectors of curios.

NANKING DENIES SUMA GAVE GEN. CHANG CHUN "STERN WARNING"

Recent Japanese news reports to the effect that Y. Suma, Japanese Consul-General in Nanking, had filed a "stern warning" with Gen. Chagn Chun, Minister of Foreign Affairs, against the continuation of "malicious propaganda" accusing Japan of fostering subversive activities in this country were denied June 22 by a spokesman of the Waichiaopu. The spokesman explained that upon his return from Tokyo, Mr. Suma called on General Chang June 19, requesting that a date be fixed as early as possible for S. Kawagoe to present his credentials to Lin Sen, Chairman of the National Government. Concerning the Southwestern situation, the spokesman said, Mr. Suma made the admission to Gen. Chang Chun that Japan had sold arms and ammunition to the Liang-Kwang authorities, but affirmed that the Japanese Government entertained no misconception concerning the Southwest and had no desire to support any political movement that may be launched by the Liang-Kwang provinces. This, the spokesman emphasized, was the gist of Mr. Suma's remarks concerning the Liang-Kwang situation in his interview with Gen. Chang Chun. Japanese reports of an alleged "stern warning" having been filed by Mr. Suma, the spokesman vehemently stated, were pure fabrication. Concerning the surprising remarks attributed to Mr. Suma in his interview given at Kobe during his recent trip to Japan, it was also learned, Mr. Suma explained to the Foreign Minister that he was misquoted in certain foreign reports.

Charging the Nanking Government with engaging in "malicious propaganda" falsely accusing Japan of fostering subsersive activities in China, Mr. Suma, field June 19 a stern warning with Gen. Chang Chun, Minister of Foreign Affairs, against the continuation of the alleged practice. The Japanese official, who returned from Japan June 18, called on Gen. Chang the following morning. To Gen. Chang, *Domei* learned, Mr. Suma conveyed the opinion of Japanese officials, both in Japan and in China, that the dissemination of propaganda tending to injure Japans' prestige would not be conducive to the projected readjustment of the relations between the two countries. The trend among Nanking officials to blame Japan, Mr. Suma is understood to have added, has become more marked since the outbreak of the strong anti-Japanese campaign in the Southwest.

K. Kawashima, Director of the East Asiatic Bureau of the Japanese Foreign Office, arrived at Nanking from Tsingtao by airplane June 23. Asked about his impressions of his recent tour in North China, Mr. Kawashima said that everything was now going on smoothly in the North and no immediate change in the present situation was likely. Denying that his present trip was connected with any political mission, the Gaimusho official said that he was not sure whether he would interview Chinese officials during his stay in the capital.

JAPAN TO DEMAND INCORPORATION OF SHANTUNG INTO HOPEI-CHAHAR REGIME

The incorporation of Shantung in the area governed by the Hopei and Chahar Political Council is believed to be one of three matters placed before the Chinese authorities in Peiping following a conference in Tientsin June 18 of high Japanese military officers from all over North China. According to the belief in well-informed Chinese circles, the Japanese authorities, following the conference, have placed before the Chinese authorities three matters which they would like to see accomplished shortly:

1. Appointment of more Japanese advisers in North China.
2. An independent Customs.
3. Incorporation of Shantung in the area governed by the Hopei and Chahar Political Council.

Concerning the Customs, there are varying reports as to what is desired. The general opinion is that what is wanted is that all Customs receipts should be retained in North rather than an entirely independent Customs service. As far as Shantung is concerned, it is expected that General Sung Cheh-yuan, Chairman of Hopei and Chahar Political Council, and General Han Fu-chu, Chairman of Shantung, will meet shortly near the Shantung border to discuss North China affairs.

In view of the tense situation in North China, General Han Fu-chu, chairman of Shantung, has made adequate preparations against a possible Japanese invasion into Shantung, according to a Chinese paper in Canton. The Japanese have submitted further demands to General Sung Cheh-yuan as a result of the attempted assassination of Yin Ju-ken, No. 1 puppet in Eastern Hopei Regime.

Rumors of an impending reorganization of the Hopei-Chahar Political Council were scouted June 18 by Gen. Ke Ting-yuan, Secretary-General of the Council, who is acting for Gen. Sung Cheh-yuan during the latter's absence in Tientsin. General Sung is expected to return to Peiping shortly.

One of the important decisions reached at the Japanese military confab recently held in Tientsin is that from now on the Kwantung Army and the Japayese Garrison Forces in North China will each have their own particular "spheres of action," reported *Central News*. The Kwantung Army, it was decided, will have charge of the affairs outside the Great Wall, while the North China Garrison Forces will be responsible for affairs in Hopei and Chahar.

With the completion of the new Japanese barracks at Fengtai, a part of the Japanese troops formerly stationed at Shanhaikwan, numbering 500 strong, were transferred there June 21. A detachment of about 600 Japanese soldiers arrived at Tientsin from Shanhaikwan by special train June 22 and proceeded to the new barracks at East Arsenal there. Another batch of Japanese troops, approximately 150 in number, passed through Tientsin June 22 from Peiping on route to Tangku.

Preparations are being made by the Japanese for the erection of a Japanese aerodrome in Fengtai.

The Japanese barracks at Tungchutze have been complete. These barracks have a total of 1,400 rooms.

ATTEMPTED ASSASSINATION ON YIN JU-KEN, LIU KWEI-TANG AND SHIH YU-SHAN

According to reports reaching Canton June 11 an attempted assassination was made on Yin Ju-ken, No. 1 puppet in Eastern Hopei, June 10 when the latter was making an inspection tour in Shanho. One assassin was arrested, while Yin escaped injury.

The *Yung Pao*, which is believed to be pro-"Manchukuo," reported June 23 that an attempt was made on the life of Shih Yu-san simultaneously with the recent attack on Liu Kuei-tang, now recovering from near-fatal wounds. Two gunmen, according to the report, first called by mistake at the house next door to Shih Yu-san's, but left immediately on discovering their error. They spoke the southern dialect. "It appears," says the newspaper, "that Blue Shirts are plotting to assassinate people closely connected with the Japanese."

Liu Kuei-tang, notorious Chinese bandit leader, was shot and critically wounded June 20 by two men who invaded his residence in the Japanese concession in Tientsin.

Under the instructions of a certain country, the East Hopei bogus regime has organized two air squadrons in Tungchow. All the officers are Japanese.

To attend the meeting in commemoration of the soldiers killed during the Boxer rebellion, three Japanese destroyers arrived in Tangku June 16, reported *Shun Pao*.

(*Continued on page 137*)

Hengchow the Pivotal Point in Canton's Northern "Anti-Japanese" Drive

BY THE REVIEW'S SOUTH CHINA CORRESPONDENT

The city of Hengchow, first important objective of the Southerners in the event of an actual outbreak of war, would not be easy of capture. It is located in southern Hunan, about 70 miles from the Kwangtung-Hunan border. The name "Hengchow" is a modernization of the former name of the ancient Hunanese town of Hengyang. It is the foremost commercial center of southern Hunan and has a population of more than 100,000.

On many occasions in the past Hengchow has served as the central gathering point for military uprisings in Hunan province. This has particularly been true since the creation of the Republic in 1911. In 1931, when Kuangtung and Kwangsi leaders together with other leading members of the Kuomintang organised the Enlarged Kuomintang Session with Wang Ching-wei, Eugene Chen, and others the Kwangsi forces advanced near Hengchow with the view of attacking the Hunanese in Changsha. Kuangtung troops on that occasion occupied Leiyang and announced their intentions of attacking Hengchow. A situation similar to the present state of military preparedness of both the Nanking and Cantonese troops in southern Hunan was witnessed in 1931, when Gen. Chiang Kai-shek placed a heavy concentration of troops in eastern Hunan, waiting for the opportunity of cutting off the South-western forces, when they neared Changsha. The plan was suspected by General Pai Tsung-hsi with the consequent result that the South-western troops slowed down their advance at the critical moment during that short breach of relations between Nanking and Canton. Fortunately a serious split within the Kuomintang was prevented due to the Japanese occupation of Mukden and a country-wide demand for peace which calmed down the most bellicose of the South-western and Nanking commanders.

Since that time Chiang Kai-shek has realised the importance of Hengchow as the gateway to Hunan from Kuangtung. It is said that Gen. Chiang has spent no less than $2,000,000 to $3,000,000 to strengthen the defence of Hengchow, which today allegedly can be safely held by only two divisions of Nanking troops against the advance of even a 100,000 army from the South.

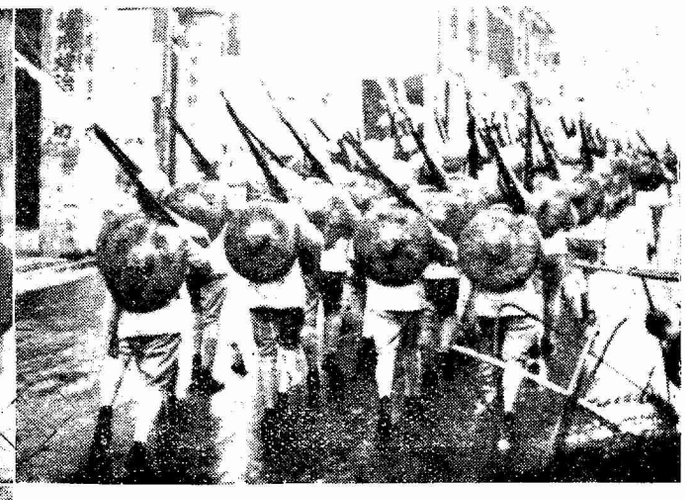
So important is the defence of Hengchow that the Central authorities have insisted on recent occasions in making it the location of the head office of the newly finished Canton-Hankow Railway. Canton protested against this, insisting that Canton was a much more important commercial centre and must be made the location of the head-office of the new railroad. But whether the presen threatened civil strife is, to a certain extent, precipirated by the completion of this important railway, covering half the extent of the Chinese Republic, remains to be seen. Observers point out that Nanking's position has been strengthened by the completion of this railway, as Chiang Kai-shek can now move his troops swiftly from Hupeh and Kiangsi to Hengchow and Changsha. For some years past Gen. Chiang Kai-shek's best trained troops have been stationed in Hupeh and today these picked troops can be rushed to Hunan with the assistance of the new railway. A test run on the new line scheduled to take place last week was postponed because of the present tension between Nanking-controlled Hunan and Kuangtung.

But any facilities which Nanking has gained from this new railroad, such advantages are also shared by Canton. Today Cantonese troops can be rushed to Hengchow also through the southern section of the railway from Shiukwan to Lakchong and finally to Hengchow. Shiukwan is the present center of the Canton air forces where is located the Government's acroplanes' manufacturing workshop. Lokchong is the next point of importance to the Canton army and it has been made the temporary headquarters of the Cantonese expedition, the men of the Second Kwangtung Army under General Chang Tat.

From all indications it seems that should hostilities start between the Southern and Nanking forces the newly completed Canton-Hankow Railway would be their common objective. It would be deplorable if prolonged strife should prevent the timely opening of this Railway on October 10 or destroy any of its tunnels or bridges, construction of which cost the Central Government many million of dollars.

That the ruptured relations between Nanking and the South-west had their origin many months back prior to the death of the late. Hu Han-min was borne out by a statement of a high official of the South-west. He said that when the late Hu Han-min returned from Europe a few months ago Nanking offered him the high post as Chairman of the highest of Kuomintang committees, *i.e.* standing committees of the Kuomintang C.E.C. and Central Political Council. Suspecting that the offer was made with a view of frustrating the South-west political organisation in which the Mr. Hu was the

KWANGSI ANTI-JAPANESE ARMY INCLUDES "AMAZONS"



The girls of Kwangsi will participate along with the men in the "anti-Japan war," in the event the soldiers of that inland Southern province are able to get in contact with the Japanese. The accompanying pictures show a portion of the "Girl's Army" of Wuchow, marching out for the front somewhere in southern Hunan province. The young ladies all carry rifles and each carries on her back a famous Canton bamboo hat which protects again both sun and rain. The Women's brigade will help with the Red Cross and also will conduct anti-Japanese propaganda and in a pinch will be able to do some fighting as all have been trained in the use of the military rifle.

principal director, the Kuangtung and Kwangsi leaders endeavored their best to keep Hu Han-min in Canton.

But what worried the South-west most was the recent appointment of General Chang Fah-kuei as "bandit suppression commissioner" of Fukien, the province situated to the north-east of Kuangtung. Since his appointment General Chang Fah-kuei has been massing troops on the Fukien-Kuangtung border under the pretext of directing war against certain bandit gangs. To the Southwestern officials the presence of large contingents of Nanking forces in Wuping, Shanghang, Changchowful and Lungyen looked ominous, for at moments of strained relations these Fukien contingents could reach Canton in a few days' march.

Apart from these military activities on Kuangtung's border provinces, economic pressure was brought against Canton and Kwangsi. With new highways connecting Hunan and Kweichow and these two provinces fairly freed from bandits, raw opium produced in Kweichow was transported to Hunan by land to Hankow and then on steamers to the outside world, instead of having to follow the old route via Kwangsi. How the Kwangsi Government suffered tremendously through this loss of revenue on opium cargoes and how retaliation was made by cultivating her own poppy crops in many parts of Kwangsi today was referred to in a previous article in *The Review*.

As one of China's richest provinces, Kuangtung's monthly revenue in normal times before the invasion of Japanese smugglers, amounted to nearly $8,000,000. How much of this was spent on arms and airplanes is not known but it is important to note that for almost nine years Gen. Chen Chi-tang has been the strong man of Canton. For nearly nine years Kuangtung enjoyed peaceful relationship with Kwangsi, which province also steadily increased its arms and airplanes, although Kwangsi itself is not self-sufficient financially and has to depend on Nanking or Canton for subsidies in its bandit suppression and reconstruction works.

Canton City itself is considered the best fortified place in the whole of South China. It cannot be reached easily by Nanking cruisers because of the shallow condition of the river. Canton is also well prepared for air attacks and has hundreds of airplanes and bombers to resist such an emergency.

Financially, the Government is also sound as it still possesses an enormous amount of silver coins accumulated through the conversion of silver coins into managed paper currency since November last. It was officially announced that the Canton Government had $78,550,094 worth of Kwangtung silver coins stored up in various banks in Canton, $3,600,000 worth of silver coins kept in the three leading Government banks and $19,253,500 worth of Shanghai silver dollars kept in foreign banks in Canton. In short, Kuangtung has a total of $101,403,594 worth of silver coins at her disposal. The silver stocks are looked after by a committee, whose permission the government must obtain if any use is made of the silver, which serves as reserve fund for the paper money issued in the province.

Canton, June 19, 1936

Britain Brings Pressure on Japan by Strengthening Soviet Navy

While the Japanese naval authorities have been watching the results of the Anglo-Soviet naval talks because of the likelihood of an Anglo-Soviet naval agreement bringing about Soviet Russia'a naval expansion, reports from London state that a virtual agreement has been reached between Great Britain and Soviet Russia, in which Soviet Russia is allowed to build three 35,000-ton capital ships.

By allowing Soviet Russia to reconstruct her navy Britain would let Soviet Russia confront the German Navy, a rising navy, on the Baltic Sea, and bring pressure to bear on the Japanese Navy, demanding parity with Britain and the United States, in Far Eastern seas. Such tactics are considered advantageous to Britain. The *Tokyo Jiji* June 12 stated that it can easily be supposed that Great Britain will induce the Soviet Navy to expand itself rather than limit it, incidentally guiding the Soviet navy technically and obtaining an advantage over Japan.

Concern is being expressed in Japanese naval circles regarding the Soviet naval strength in the Far East, which is estimated to comprise 49 submarines and 90 destroyers.

Soviet Ambassador's Return Trip to Moscow Is Cancelled

Constantin Yurenev, Soviet Ambassador to Tokyo, who had been scheduled to leave Tokyo on June 25 to return to Moscow for the first time in three years under instruction from the Soviet Government, later received an express cable from Moscow ordering the cancellation of his scheduled departure from Tokyo and has decided to remain in Tokyo. The *Tokyo Yomiuri*, in discussing this subject, said the latest aggravation of the strife between Nanking and the Southwest and the revival of the frontier trouble may be considered in this connection, but they are not considered sufficiently important to result in the cancellation of M. Yurenev's return. In these circumstances both official and non-official circles in Japan are greatly interested in ascertaining the true cause of Mr. Yurenev's continued stay.

Soviet-Japanese Fishery Talks Hit Snag Again

New snags to the conclusion of a Soviet-Japanese fisheries agreement were reported to the Tokyo Foreign Office by Tamekichi Ohta, Ambassador to Moscow, June 17. Mr. Ohta reported that in view of the illness of Benedict I. Kozlovsky, Chief of the Far Eastern Section of the Foreign Commissariat, who has been in charge of the negotiations, he has been requested to continue the talks with B. S. Stomonoakov, Foreign Vice-Commissar. This change, Mr. Ohta feared, would cause a delay in the conclusion of a new agreement.

Soviet-Manchu River Talks Deadlocked

Deadlock once again confronts the Soviet-Manchukuo technical committee on waterways, which held its eleventh session at Blagoveschensk June 16. The Manchukuo delegates, according to the message, rejected the Soviet demands that no White Russians be employed for joint survey work and that the surveying of shoals in Manchukuo and Soviet territorial waters be done separately.

Soviets Develop Arctic and Asiatic River Routes

A group from the Arctic Institute in Leningrad has compiled the first geological map of the Soviet Arctics. The map is accompanied by comments containing 240 pages.

With the opening of the through northern sea-route from Murmansk to Vladivostok, prospects loom for the development of water communication along the entire coast of the Arctic Ocean with sailings of sea-going vessels to the lower parts of the main Siberian rivers.

The Kazakh Institute of National Culture and the State Academy of the History of Material Culture, are organizing a joint expedition to the valley of the River Talas. The acient route by which caravans of Chinese and Turkestan merchants travelled from the north to the south and east followed the valley of this river.

Japan Refuses Moscow's Demand for C.E.R. Allowances

Moscow's demand for the payment of retirement allowances to former Soviet employees of the Chinese Eastern (North Manchuria) Railway was refused June 19 by Hachiro Arita, Foreign Minister, in an interview with C. C. Yureneff, Soviet Ambassador. The Ambassador recorded his protest against the suspension of the payment of the allowances by the Manchukuo Government. The Foreign Minister, however, turned down the protest on the ground that under the terms of the agreement of March, 1935, liabilities not recorded on the original balance sheet would be borne by Soviet Russia.

Soviet Outrages Ascribed to Soviet Realization of Japanese Garrison's Small Strength

The Tokyo War Office announced June 13 the total number of incidents which occurred on the Soviet-Manchukuo and Manchukuo-Mongolian between January this year and mid-May and the nature of each of the incidents. The total number of incidents, according to the announcement, is 82, distributed among the eastern border 35, northern border 27, western 4 and Manchukuo-Mongolian border 16. Compared with the corresponding period last year when the number was 35, an increase of 47 has taken place. The Army authorities are stated by the Tokyo *Jiji* to be showing much concern over these incidents, especially as they are generally the result of outrages committed by the Soviets, and are considering effective means of preventing their recurrence. The cause of this sudden increase in border incidents is ascribed to the rapid progress in Soviet Far Eastern armament during this year since the inspection visit of Kaganovitch, the completion of various forifications and the Soviet awareness of the smallness of Japan-Manchukuo military strength, which has assured them of their supremacy.

Saghalien Oil Official Proceeds to Moscow to Negotiate

Vice-Admiral Masazo Sakonji, President of the North Saghalien Oil Company, departed from Tokyo June 23 for Moscow to conduct direct negotiations with the Soviet authorities for the extension of prospecting in the north Saghallen oil fields for five years. The agreement now in force expires this year.

Japanese Corpses as Evidence in the Border Disputes

Commenting editorially on the statement of the Japanese War Ministry alleging the crossing by Soviet troops of the Soviet-Manchurian frontier having become more frequent, Moscow *Izvestia* June 18 stated that no crossings by the Soviet troops of the Manchurian frontier had occurred. "No matter how many communiques which the Japanese generals may publish they could not shade the fact that they have very often to address the Soviet authorities with the request of returning corpses of Japanese military who crossed the Soviet frontier, while the Soviet authorities have never addressed the Japanese Government with a similar request, *Izvestia* bitingly commented.

Gaimusho Opposed to Conclusion of Japan-Soviet Non-Aggression Pact

Japan's unchanged opposition to the conclusion of a non-aggression pact with Soviet Russia, "until Moscow gives a more convincing demonstration of its sincerity," was reiterated by a high official of the Tokyo Foreign Ministry June 22.

Students Stage Demonstration at Shanghai North Station, Hold Up Traffic All Forenoon, Demand Transportation to Nanking

A group of 500 students of both sexes, reinforced by various members of the general public, invaded the Shanghai North railway station on the morning of June 21 and demanded transportation to Nanking, where they stated they wished to petition the Government to "declare war on Japan at once." The group took almost complete control of the station from about eight o'clock. They carried a banner with characters inscribed, "People's Petition Group to the Capital." The group remained at the station until about 1.30 p.m. when, following the arrival of large detachments of police, they proceeded in marching formation towards Hsing Ming Road in Chapei, where they later dispersed.

All accounts agree that the demonstration was carried out in an orderly fashion. Traffic was delayed for several hours as the students clambered up on the locomotives, plastered them over with inscriptions, invaded the cars, and generally showed a dispostion to force acquiescence in their demands to be given a free trip to the Capital. No real effort was made during the forenoon either by the station attendants or the police to interfere with the demonstration of the students, who spent the time making speeches and distributing circulars.

Picture at right shows students marching away in orderly fashion from the North Station, shortly after noon, after they had been induced to leave by police from the Greater Shanghai Public Safety Bureau.

Picture at the left shows demonstrators on Boundary Road in front of the Shanghai North Railway Station premises.

The North Station is situated just off the Settlement boundary, and in order to prevent the demonstration from flowing over into the Settlement, the Reserve Unit of the Settlement Police was mobilized along Boundary Rd. but their services were not required. No arrests were made by the Chinese authorities. As mentioned above, the student group marched off shortly after noon, upon the arrival of a large squad of Chinese police. No force was used by the police, who finally induced the students to leave the railway premises after long negotiations.

The circulars distributed by the students were of the usual type. One of the pamphlets said that the All-Shanghai National Salvation Association had determined to make a last sacrifice and that they were going to petition the Government to declare war on Japan. The reasons for same were that the Japanese Imperialists had not only flooded the Chinese market with smuggled goods and thus dealt a death-blow to Chinese merchants, but had also increased their garrison in North China by more than 30,000 strong, making North China a second "North-East". "If we do not resist," the pamphlet went on to say, "the nation will be completely disintegrated and the people will not be able to rise up again." The pamphlet also stated that the military leaders in North China were ready to strike against the enemy and that the troops from the South-West had also launched a military expedition against the Japanese; the blood of the masses had reached boiling point.

Students and Professors in Peiping Form Anti-Japanese Body

Formation of a Scholastic League for Struggle with the Enemy was decided by a joint meeting of representatives of students and members of faculties of schools in Peiping June 19.

Peiping Anti-Japanese Body Issues Manifesto

The Maintenance of national unity was urged in a manifesto issued at by the newly formed Anti-Enemy and National Salvation Great Union, composed of students and faculty members of Peiping schools. "The nation must unite," the declaration read, "mobilizing all its strength against foreign aggression. When an emergency arises, the nation must be ready for action."

Canton Students Appeal to Nation's Troops

An appeal to China's armed forces,—"the advance guard of the race and the pillar of the state,"—to unite under anti-Japanese banners was issued by the Canton Student Federation, June 23. "The way to national salvation," the statement read, "lies solely through anti-Nipponism. Our armed friends, you must perform our duty on the battlefield, to cope with the present emergency."

Students to Improve Rural Life During Summer Vacation

Under the sponsorship of the New Life Movement Association in Nanking, a movement has been launched for students to utilize their summer vacation to improve rural life in various villages in Kiangsu and Chekiang in accordance with the new life principles laid down by General Chiang Kai-shek. The program of the movement will include the improvement of the living conditions of the farmers, heightening of their cultural level, promotion of public health in village life, and enforcement of the new life creed.

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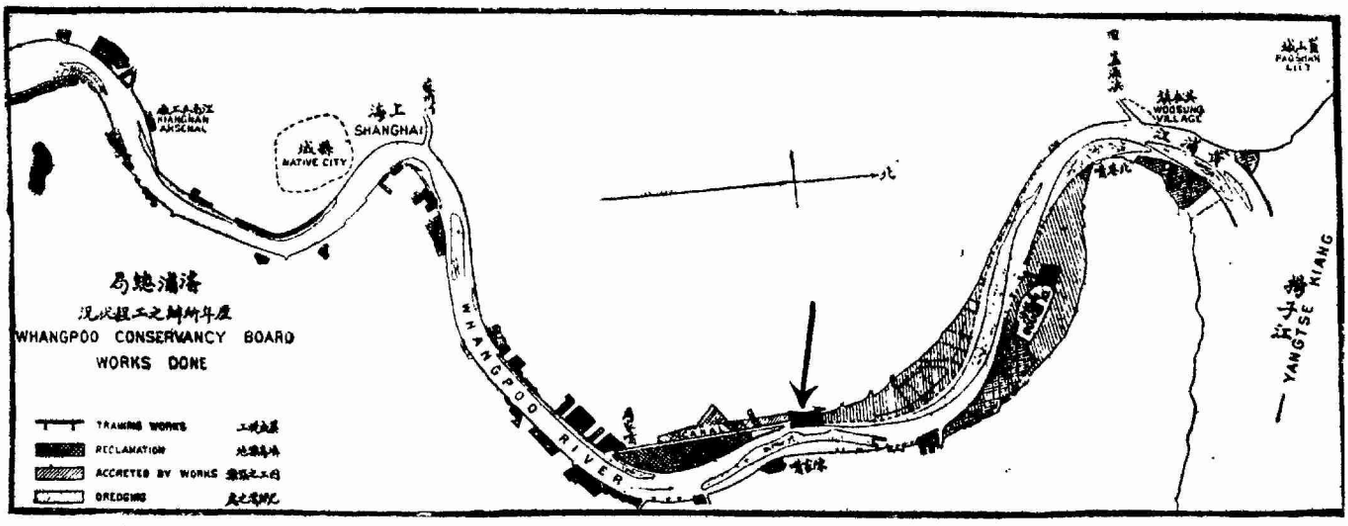
POSITION OF JUKONG WHARF IN WHANGPOO HARBOR SCHEME



This map, printed in the *China Press* by courtesy of the "Port of Shanghai" issued by the Whangpoo Conservancy Board, shows the general scheme of the Whangpoo harbor in relation to the Jukong Wharf now under construction near the Point Island Canal. The black square and arrow, inserted by a *China Press* artist, gives the exact position of the new wharf.

Corner-Stone Laid of Jukong Wharf Dock Building

The cornerstone of the dock building of the Jukong Wharf, situated down the Whangpoo from the older part of Shanghai at a point where the river is the widest and deepest, was laid with appropriate ceremony June 20. *The North-China Daily News* in an editorial June 21 stated that the inception of the idea took place 14 years ago when a group of distinguished engineers from Europe and America conferred with Dr. Herbert Chatley on the selecting of a suitable site for giving the fifth port in the world docking facilities appropriate to its importance. They selected Jukong Wharf. Later Dr. H. H. Kung conceived the idea of financing the enterprise through the Central Bank of China. In the meantime the project of providing a modern harbor had been included in the City Government's plan for a Civic Center at Kiangwan.

The cornerstone ceremony was performed by Dr. H. H. Kung, Minister of Finance, who was responsible for conceiving and later supervising the construction plans. In his speech, the Finance Minister outlined the motive of the Central Bank in financing the undertaking and explained the vast possibility of the wharf in the future development of this city. In the course of his speech Dr. Kung pointed out that the wharf "will offer modern facilities in loading and unloading of cargoes, will have not only storage and Customs examination rooms, but also spacious accommodation for the public. The warehouse will be connected with railways so that the cargoes may be transported to other parts of the country directly from the steamers. As Shanghai is developing into a port of air, rail and steamships, the construction program also includes a plan for developing an airdrome."

He was followed by Mayor Wu Te-chen who expressed his appreciation of the wharf project on behalf of the citizens of Shanghai. The ceremony was presided over by T. L. Soong, General Manager of the China Development Finance Corporation and Chairman of the Wharf Construction Committee.

The dock now being built is comprised of two wharves giving a total frontage of 1,180 feet.

Eclipse of Sun Is Observed in China and Japan

An eclipse of the sun June 19 visible in Asia attracted much attention in China and Japan, and throughout the astronomic world. Observations were only partly successful at most points, owing to the interference of clouds.

Reports from Nanking stated that despite a blue sky which obscured the eclipse, observers posted by the Astronomical Observatory on the top of the Purple Mountain succeeded in taking a series of 12 pictures showing the obscuration at its various stages. The eclipse began at 12.50 o'clock, but was not perceptible in the Capital until 2.03 p.m. when the clouds began to more. A message from Peiping stated that the eclipse was only partly observed there shortly after 12 o'clock.

Dr. C. S. Yu, Director of the Nanking observatory, and H. J. Wei, head of the Physics Department of the Nanking University, had gone to Hokkaido in northern Japan. Miss Tsou I-hsin, one of China's best known feminine astronomers, assisted Dr. Yu in his observations. Another Chinese group turned their telescope toward the sun at Khabarovsk in eastern Siberia, where Russian and other foreign astronomers gathered to witness the eclipse.

In the first important discovery to follow the observation of the solar eclipse of June 19, Dr. Yoshio Nishina, of the Physio-Chemical Institute in Tokyo, announced June 22 that his findings refuted the accepted theory that the cosmic ray is radiated by the sun. The ray, he said, has not been affected to any degree by the solar eclipse. It did, however, react to changes in the atmospheric pressure.

The next solar eclipse will occur on Sept. 21, 1941, and the astronomical phenomenon can be observed in totality in China.

Japanese Troops Take Temporary Possession of a Section of Peiping

Japanese troops took temporary possession of a section of Peiping in the morning of June 25 on the occasion of the presentation of a regimental flag from the Emperor, which arrived from Tokyo the previous night. A cordon was thrown round one section of the glacis, in the Legation Quarter, including the sidewalk of the two main streets which skirt the glacis. Only Japanese nationals were allowed on this sidewalk, all other persons being warned off, or, in cases where they objected, being forced away. Among those treated in this manner was the wife of a French officer attached to the French Legation Guard, who, when she protested, had a bayonet thrust towards her body by a Japanese soldier, who made the lunge finish within an inch of her clothing.

Numerous cases of Chinese being roughly handled by Japanese soldiers on the public street adjoining the parade ground were reported. In addition, an American officer, Capt. Henry S. Jernigan, dressed in civilian clothes, had a narrow escape from being bayoneted. He was standing watching the parade from the street when a Japanese soldier approached and ordered him to move back. The officer stood his ground, whereupon the soldier pushed the point of his bayonet into the man's stomach and lunged forward to move him back. The officer, however, caught the bayonet in his hands and pushed it aside. The soldier then drew back.

Reports concerning the bayonetting were characterized as "misleading" by a Japanese military spokesman in Peiping June 23. Sentries had reported, he said, that they had used their hands in pushing off Chinese and other non-Japanese spectators of a ceremonial parade for the presentation of a regimental flag from the Emperor. In every case, the spokesman said, the spectators had first been warned off by the sentries, who all carried fixed bayonets. The spokesman described as "unbelievable" allegations that the sentries had "lunged" with their bayonets towards would-be spectators who refused to move, pointing out that the unnecessary pointing of a gun or a bayonet towards any one would entail heavy disciplinary punishment for the sentry in volved.

Salient Facts of the "Anti-Japanese" Expedition

BY T. S. YOUNG

WITH the gradual disappearance of the mist which has hitherto enshrouded the Southwestern political situation, the real issues which have driven the Southwestern military leaders to take their present desperate course have little by little appeared in their true light. The anti-Japanese banner, under which they are parading so majestically, is really an illchosen pretext, which, being a worn-out one, can no longer arouse the sympathy of the populace, and rally their support to a cause which is more personal than national. The average people, though they may find fault with Nanking's foreign policy vis-a-vis Japan's increasing aggressiveness in North China, are yet too well informed of political tricks to permit themselves to become cat's-paws of malcontent political factions. Though the tension seems to be much eased for the time being, yet before the causes of differences between these two factions can be definitely removed, the situation is still filled with dangerous possibilities.

The so-called Southwest bloc is now composed of only two provinces—Kwangtung and Kwangsi. In spite of their being adjacent to each other, they represent a very marked contrast both in wealth and in culture. Kwangtung, being located along the coast and well developed in industry and commerce, is one of China's rich provinces; while Kwangsi, being situated in the interior and with climate and soil both unfavorable to agriculture, can not but be very poor. The former, being brought into close contact with foreign influences as a result of the fact that many of its enterprising native sons have carried on trade all over the world, is frequently referred to as the center of new movements and the birthplace of political revolutions; while the inhabitants of the letter, being handicapped by their seclusion from outside influences, have hitherto been regarded as "barbarians."

Being rich, Kwangtung has always been looked upon with envy by the warlords of its neighboring provinces. At one time, it was a bone of contention among the warlords of Kwangtung, Kwangsi and Yunnan, and the mastery of the province frequently passed from one hand to the other. It is only in recent years that this province has enjoyed a tolerable peace under the leadership of Gen. Chen Chi-tang, who, thanks to the large provincial wealth, has built up such a formidable military machine, that no other provincial leader can now challenge his prowess. It must be noted that Gen. Chen's rise to his present political prominence has been due not so much to his ability as a military commander as to his adaptability in playing political intrigues.

Kwangtung's Monthly Subsidy from Nanking

By professing his allegiance to the Central Government, he has succeeded in drawing from Nanking a monthly subsidy to support his ever-increasing army, and by aligning himself with the military leaders of the neighboring provinces, he has been able to keep his position secure and intact. He is a great fence-rider, and can seize the opportunity by a tuft of its hair for his self-aggrandizement. It had been said and believed that the 19th Route Army would not dare openly take up arms against Nanking but for the promise of its support; but in the nick of time he retreacted his promise and sold himself to Nanking at a big price. As before, he is now far from being enthusiastic in supporting this anti-Japanese expedition, and will be only too glad to get out of the present entanglement, if he can find an opportunity which he can easily utilize to his own advantage.

Although he has been said to be the strong man of the Southwest, he, however, is not the prime mover of the present ludicrous expedition, which has been promoted and engineered by Kwangsi militarists, who have been determined to extend their sphere of influence into some other rich provinces. In view of the fact that many of his lieutenants have disapproved of his present move and have been reportedly detained by him, we have reasons to doubt if he can escape the present entanglement unscathed. As a fence-rider can not always play his part successfully, so Gen. Chen's present venture may sound the death-knell to his political career.

Equally ambitious but less fortunate are Generals Li Tsung-jen and Pai Chung-hsi, the two inseparable warlords, who have jointly shared the control of Kwangsi province. Both of them did meritorious services for the consummation of the Northern Punitive Expedition in 1926-7, both of them are capable military leaders, and both of them, it must be regretfully stated, say, have had a personal grudge against General Chiang Kai-shek. Despite the poverty of their governed territory, they have managed to raise a powerful provincial army, the strength of which has been said to surpass even that of the Cantonese forces.

To do justice to them, their ambition does not only lie in the training up of the strongest provincial army, but also in the building up of the best provincial government. In comparison with the overlord of Kwangtung, they are leaders of much higher caliber: They are conscientious reformers and indefatigable workers. During their administration, they have succeeded in transforming this backward province not only into a modern but also a model province. All the travellers who have visited that province have invariably praised in unison its rapid progress and cited it as a notable example for other provinces to follow. Therefore it is especially distressing that two capable leaders who should exert their influences to the herculean task of rebuilding China, should embark on such a foolish adventure, which will not only undo all of their good work, but will also bring destruction to the country as a whole.

It is an open secret that Generals Li and Pai have long prepared for this eventuality. This also explains the reason why they have been so conscientious and energetic in carrying out reconstruction and rehabilitation works in their province. So long as Kiangsi is overrun by the communists, and Fukien, Kweichow and Yunnan are in the hands of "grey" generals, Kwangsi can pursue its own course independently without fear of coming into conflict with the influence of the Nanking regime. But with the extermination of red-banditry in Kiangsi and the definite establishment of Nanking's authority in Fukien, Kweichow and Yunnan, its position becomes precarious both militarily and financially.

Huge Opium Revenue Lost

Militarily, it has been exposed to attacks by Nanking's forces on all sides except the south. Financially, with Kweichow coming under the direct control of Nanking, it has lost a large opium revenue, the amount of which is said to be more than $300,000 per month. Kwangsi, as I have said before, is a poor province, and the loss of such a large revenue would naturally upset its finance. In this circumstance, Generals Li and Pai will sooner or later have to surrender to Nanking, not for military reasons but for financial reasons. In desperation, as a man is apt to take a chance no matter how slim it is, so they lead the present venture as an escape from their difficulties.

We are quite certain that even in their desperation they would not dare resort to such a suicidal action, if they were not definitely assured of adequate financial support from some sources. Therefore the prevailing reports that Japan has provided money and munitions for Kwangsi soldiers have provided a missing link to complete this chain of remarkable events. Japan, of course, likes to see nothing better than the recurrence of civil wars in China, so that she can fish in troubled waters. There is nothing more deplorable than that our self-centered military leaders, for the purpose of maintaining their political positions, should make use of foreign money and munitions to slaughter our own soldiers and thereby weaken our defence against foreign invasion.

It is most tragic that Generals Li and Pai, who have been known as progressive military leaders and who have proved themselves very able administrators, should become so unpatriotic and stoop so low as to play into the hands of the Japanese. By their fool-hardy act, they have forfeited the high esteem in which they have been held by their numerous admirers; nullified their many good deeds which they have done for their country and party; and brought infamy to their very good names. Any one who has pinned a high hope on the new China can not fail to get a very painful impression after seeing the tragic downfall of those promising leaders, whose sense of patriotism should totally give way to the feelings of revenge and desire of self-aggrandizement.

What will be the most interesting of the present tragedy is the role being played by Gen. Chen Chi-tang. Apparantly he is now in a great dilemma. On the one hand, he can not afford to sever his connection with Nanking—a connection which is not disadvantageous to him either financially or otherwise. To a man who is avaricious by nature, monetary consideration must be rated above everything else. He seems to mark time and await an attractive offer from Nanking to determine his ultimate attitude. On the other hand, he is not in a position to incur the wrath of Kwangsi leaders, whose military strength is as strong if not stronger than his, and who may vent their wrath upon his head by leading an expedition against him instead of the "Japanese."

Faced with this difficulty, Gen. Chen will possibly continue riding on the fence as long as circumstances permit. It is quite possible that he may leave his Kwangsi colleagues in the lurch as he left the 19th Route Army during the Fukien Fiasco, provided that he can exact a big price from Nanking. Whether he can play this game with success, only time can tell.

Shanghai, June 20, 1936.

Northwest Cultural Exhibition Held at Nanking

Central News says that even of greater significance than, if not of equal value to, the Art Treasure Exhibition held at the Examination Yuan in Nanking this week is the Northwest Cultural Exhibition which was opened recently at the Native Products Exhibition Building in Nanking under the auspices of the Northwest Development Association. More than ten thousand persons visited the exhibition on the first day. The exhibits are divided into seven sections: photos showing the customs and scenic spots, products, religious objects, dresses and utensils, relics, coins and notes, and charts and diagrams.

Chinese Railways

Nanking-Shanghai and Shanghai-Hangchow-Ningpo Lines

From Shanghai to Nanking: 311.04 Kilometers

From Shanghai to Hangchow: 189.57 Kilometers

The Nanking-Shanghai Line extends from Shanghai, one of the greatest seaports in the world, to Nanking, the seat of the Nationalist Government of China. Short as it is when compared with the other trunk Lines in China, it serves a rich and densely populated district of preponderant importance, politically, as well as commercially and industrially. The whole Line is dotted over with points of known scenic beauty too numerous to be all mentioned here. Tourists and travellers should utilize the train service of this Line at least to visit Soochow, known as the "Garden City of the Orient," Wusih, the picturesque city on Lake Tai-hu, Chinkiang, the "Gate of the Yangtze River," and Nanking, a city rich in historic remains with the new grand Mausoleum of modern architecture for Dr. Sun Yat Sen, Founder of the Chinese Republic.

The Shanghai-Hangchow-Ningpo Line runs southwestward from Shanghai through a tract of beautiful places. At Lunghwa one will see the famous Pagoda with a long history attached to it; at Sungkiang, the observatory of the French Fathers at the summit of Sha Shan and the grave of General Frederick Ward; at Kashing, the South Lake and the Three Pagodas situated about two miles from the station; and at Hangchow, the present terminus of the Line from Shanghai, the renowned West Lake which called forth highest praise from Marco Polo, with such picturesque surroundings that it has been well called the "Switzerland of China." Tourists! A visit to Hangchow by the comfortable trains of this Line will give you the utmost satisfaction of travel and untold pleasure of sight-seeing.

For further information apply to the Traffic Manager of the two Lines at Shanghai North Station.

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An Ambassador of Peace or of War?

BY C. Y. W. MENG (孟長冰)

SHIGERU KAWAGOE, once only the Japanese consul in Tientsin, and now the Japanese Ambassador to China, has come to China, after series of conferences with Tokyo officials, to present his credentials. Mr. Arita, Japanese Foreign Minister, was once quoted to have said that "Japan is prepared to begin formal negotiations with China after the arrival of Mr. Kawagoe," adding that the despatch of Kazue Kuwajima, Director of Gaimusho's Eastern Asiatic Affairs Bureau (now already in China), is principally to "arrange the North China problems." So there is no doubt that with the coming of the Japanese Ambassador, Sino-Japanese negotiations, or "Kawagoe-Chang (General Chang Chun, Minister of Foreign Affairs) conversations," which took place so often before, will be again in progress.

The "Eve" of the Kawagoe-Chang Conversations

However, let us study for a while the situation now existing on the eve of the Sino-Japanese or Kawagoe-Chang conversation. It is not necessary for us to describe, for the information of the Islanders, what is going on in China today, such as the student strike and demonstrations in every corner of the country, the South-West huge joint "demand" on Nanking for "war" against Japan, the monstrous anti-Japanese demonstration in Canton, participated by no less than 100,000 people, etc. During these five years of Japanese aggression in China, Japan has not met any Chinese opposition, and has not seen any Chinese anti-Japanese activities, as happened before when Japan began her aggression in China. What has happened today in China may surprise the Japanese much, but it is an indication that the Chinese patience is now being exhausted. Such is the "reality of the situation" in China today. When we turn to study the Japanese side, we see that the Japanese aggression in China is not only not abating but is stronger than ever before.

"Interdependence or War?"

First, we have Mr. Suma's statement on "interdependence or war," when he told General Chiang Kai-shek, with whom he had conference, that "the situation is such that China must choose between mutual interdependence with Japan or war." "I have definitely stated this to General Chiang, for Japan to retreat one step would mean a general retreat, and Japan must advance straight ahead with its unmistakable conviction," said the Japanese consul general.

Apparently, Mr. Suma has gone quite "out of turn" when he made such a statement, which amounts nothing short of an "ultimatum" or "open threat of war with China." He has breached all established practice among consular officials.

The Arita 3-Point Program

Secondly, we have, besides the Hirota 3-Point Program, the Arita 3-point program which, he said, are the "guiding principles" in Japan's policy toward China:—

1. Recognition of Manchukuo
2. Cooperation in checking communist penetration
3. Extermination of anti-Japanese agitation

In the Hirota 3-Point program, Japan did not expressly demand the recognition of Manchukuo by China, but now in the Arita 3-Point Program, Japan actually includes and demands the recognition. The Chinese are convinced that this is a further step in Japanese aggression in China.

Japan's "Special Position in North China"

Thirdly, we understand that according to the report, the Japanese Ambassador is not only instructed to seek for the "realization of the much-desired cooperation between China, Japan and Manchukuo," and "a lower import tariff on Japanese goods to alleviate the smuggling situation," but also for the "recognition by China of Japan's special position in North China."

Questioned by Chinese pressmen as to what is meant by a "special position" in North China, Mr. Kuwajima said, inter alia, that "Japan is now responsible for the national defence as well as the development, political, cultural as well as economic, of Manchukuo. The territory which is most near to Manchukuo is North China, so here exists special position." (See *Shun Pao*, June 16). The Japanese Director makes it very clear that by claiming a "special position" in North China, Japan intends to create another puppet political organ in North China, under Japanese control, to serve as a "buffer state" between China and Manchukuo.

"Political Stability" in China

Fourthly, we hear about the Japanese argument on the "political stability" in China. In the 2-hour conversation between Sir Leith-Ross and Mr. Arita, in answer to the British suggestion for economic aid for China, the Japanese Foreign Minister answered "that financial assistance to China must be preceded by internal and external political stability, especially with regard to Japan." Mr. Kawagoe also joins the chorus by singing that "in protecting the Chinese people from misery, Japan paves the way to political stability—the requisite for Japanese financial assistance to China." Mr. Kuwajima also sang that "Japan will cooperate with North China in the latter's economic development as soon as political stability comes to Northern Provinces."

When all these statements are interpreted, they indicate very clearly that Japan tends to offer economic assistance to China only when North China is being reduced to Japanese control, when "stability" is being established. But to the Chinese, the political stability will be at once established as soon as Japan stops her aggression in North China.

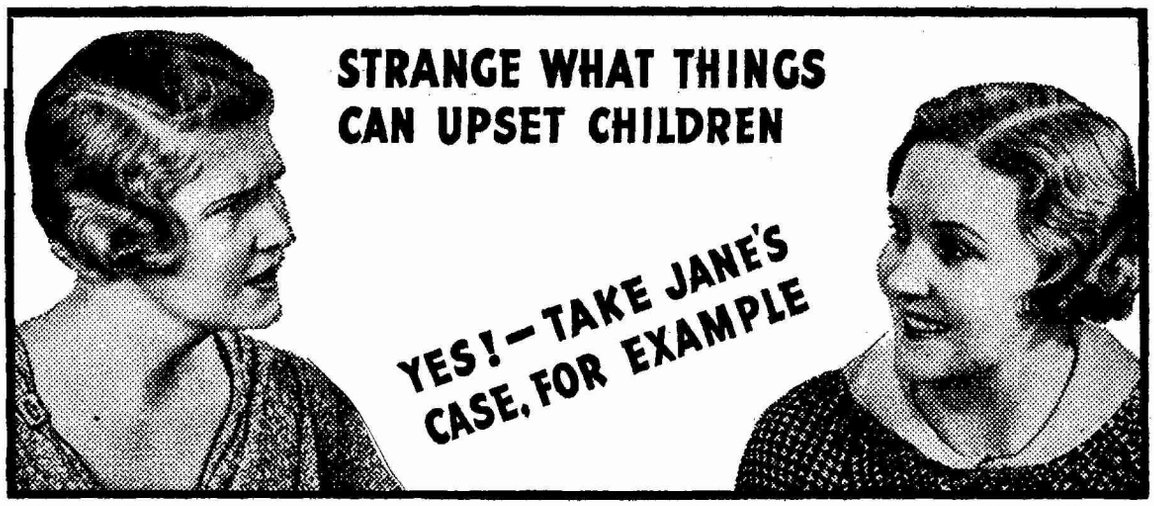
The Reported "New 21 Demands" by Japan to China

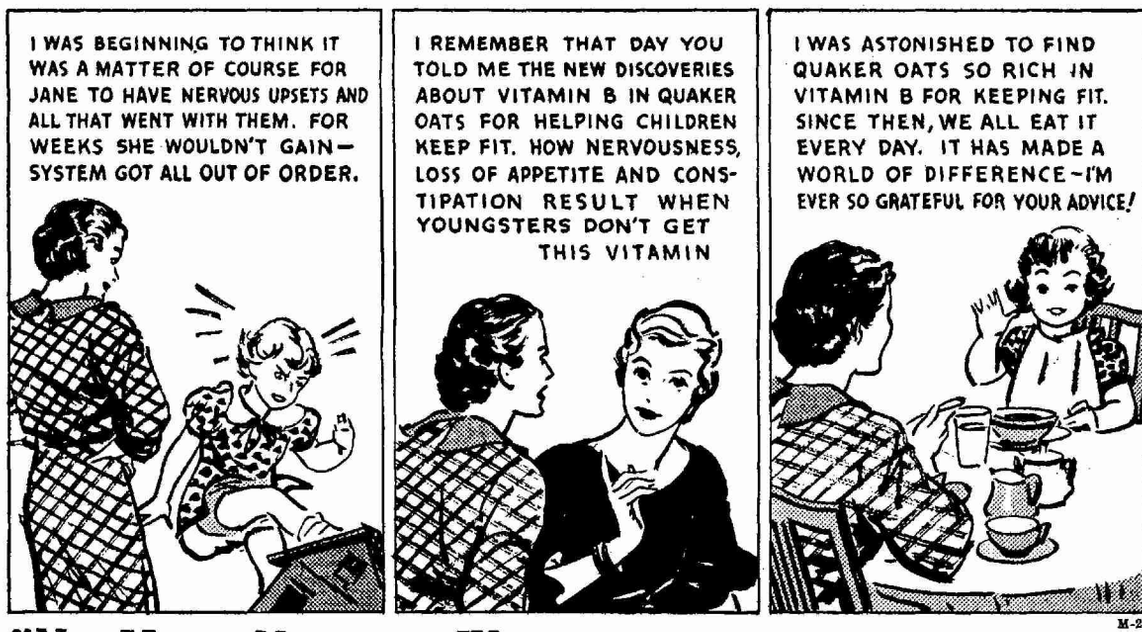
Lastly, from the *Min Kuo Jeh Pao* in Canton, we read the reported Japanese new "21 Demands" on China. The following is the full text (roughly translated) of the Demands:

1. China shall accord recognition of Manchukuo, and shall suppress the anti-Japanese opinion for the realization of China-Manchukuo cooperation.
2. The Northern Provinces, such as Shangtung, Shansi, Honan, Suiyuan, Hopei, Chahar, etc., shall be organized into a "special district."
   - (*a*) The officials in these Provinces shall be of pro-Japanese clique, whose functions shall be approved by the Japanese.
   - (*b*) The public utility undertakings in these Provinces, such as railways, mining, telephone, harbor, aviation service, as well as the undertakings of the companies engaged in cotton, wheat and flour industries shall be converted into Sino-Japanese "joint" undertakings.
   - (*c*) The Japanese instructors shall be employed to train the Chinese army and police.
   - (*d*) The functions of the Japanese advisers in the Special District shall be to promote the Japanization of education.
3. The coastal provinces, such as Fukien, Chekiang, Kwangtung, Kwangsi, and Kiangsu, and the Yangtsze Valley Provinces, such as Anhwei, Kiangsi, Hupeh and Hunan, shall form a "Sino-Japanese friendship district" which shall lead in taking pro-Japanese activities.
4. The North-Western Provinces, such as Kansu, Sinkiang, Chinhai, shall be organized as the "pacification District" within which the Chinese Government shall take vigorous steps to suppress the Chinese communists, and in case of necessity, Japan shall give China military assistance to "jointly suppress the communists."
5. The Central Headquarters of the Kuomintang in Nanking shall strive hard to carry out the measures of Sino-Japanese friendship.
6. Japan shall recognize that the Provinces of Yunnan, Kweichow, and Szechuen shall be regarded as the Provinces coming under the influence of the Chinese Government, which shall remain 100% sincere to Japan.
7. Woosung and Kiangwan (near Shanghai) shall be opened as Japanese concessions.
8. The patrolling duty along the Chinese sea coast and in the inner rivers shall be taken up by Japanese gunboats.
9. China shall stop conversations with Sir Frederick Leith-Ross, the British High Economic Advisor.
10. The finances of Hopei, Shantung, Shansi and Chahar shall be independent.
11. China shall withdraw from the League of Nations.
12. China shall recognize Manchukuo.
13. China, Japan and Manchukuo shall cooperate and form the Far Eastern political and economic bloc.
14. The Provinces of Kwangtung, Kwangsi, Chekiang, Fukien and Shantung shall be demilitarized.
15. Through freight train transportation shall be opened between Mukden and other places, and the Yangtsze Valley. The railways in North China shall be put under the administration and management of the South Manchurian Railway Company.
16. The anti-Japanese movement in China shall cease.
17. The Military Affairs Commission shall be abolished; and the power of the Ministry of War shall be concentrated in the Executive Yuan.
18. Chang Hsueh-liang shall be dismissed, and his army shall be dispatched to the North-West.
19. China and Japan shall cooperate with each other in the suppression of communists.
20. The Japanese observers (or investigators) shall have the right to sit in the meetings of the Kuomintang congress.
21. China shall abandon her efforts to seek political, economic and financial assistance from America.

The above reported "demands" to China are very much the same and in detail as were once reported by the *Daily Herald* in London that "Japan is preparing new, sweeping and peremptory demands to China," "and would include:—

1. Recognition of Manchukuo.
2. Cooperation with Japan in all dealings with foreign countries in the reconstruction of the Chinese administration and in economic and financial matters.
3. Establishment of the Japanese Yen as the basis of Chinese currency.
4. Invitation to Japan to send troops to cooperate in the suppression of communists, especially in Shansi.




I WAS BEGINNING TO THINK IT WAS A MATTER OF COURSE FOR JANE TO HAVE NERVOUS UPSETS AND ALL THAT WENT WITH THEM. FOR WEEKS SHE WOULDN'T GAIN—SYSTEM GOT ALL OUT OF ORDER.
I REMEMBER THAT DAY YOU TOLD ME THE NEW DISCOVERIES ABOUT VITAMIN B IN QUAKER OATS FOR HELPING CHILDREN KEEP FIT. HOW NERVOUSNESS, LOSS OF APPETITE AND CONSTIPATION RESULT WHEN YOUNGSTERS DON'T GET THIS VITAMIN
I WAS ASTONISHED TO FIND QUAKER OATS SO RICH IN VITAMIN B FOR KEEPING FIT. SINCE THEN, WE ALL EAT IT EVERY DAY. IT HAS MADE A WORLD OF DIFFERENCE—I'M EVER SO GRATEFUL FOR YOUR ADVICE!
M-27

"*No More Nervous Worry* OR HEADACHES FOR ME! I EAT QUAKER OATS EVERY DAY—SO RICH IN VITAMIN B"

Now available in Quick-Cooking form—Cooks in 2½ minutes.

Nervousness, sickness, headaches, constipation and a general run-down condition all follow when your nervous system fails to get enough of the precious nerve-nourishing Vitamin B stored so abundantly in Quaker Oats. This vital food element we *must* eat every day because our bodies can't store it...Quaker Oats is a vitality food! It is one of the richest foods in iron and copper—the minerals that build rich, red blood, give you new life, new energy, new strength to enjoy the good things in life. Eat Quaker Oats every day. It is delicious—it blends perfectly with your favourite dishes.

EXPERTS SELECT QUAKER OATS FOR DIONNE QUINTS

With the whole world of food science to guide them, experts in charge of these little wards of H. M. The King, put them on Quaker Oats even before their first birthday.

Made from plump Dominion grain.

50% richer in muscle-building value.

QUAKER OATS

Gives you the Vitality to keep you fit

The "Last Negotiation"—Peace or War?

Such is the situation existing in China and Japan on the "eve" of Sino-Japanese or Kawagoe-Chang conversations. So, if Mr. Kawagoe comes with fresh instructions to readjust Sino-Japanese relations by realizing the "reality of the situation" in China; by abandoning her aggression in China, and by meeting the aspirations of the 450,000,000 Chinese, we welcome him; we predict his success to come, and we regard him as an "Ambassador of Peace." But if he comes with his pocket full of these "demands," "basic principles," etc., we predict, not with probability but with certainty, the failure of his "mission" or the "Kawagoe-Chang conversations." He will be regarded as an "Ambassador of War" by the Chinese. We then shall advise him to spend more of his time for sight-seeing, visiting such places as the Ming Tombs, rather than to sit for 3 or 4 hours for successive days in the meeting hall of the Ministry of Foreign Affairs. To the Chinese, the present negotiation is the "last" one and represents the "last" effort and endeavor on the part of the Chinese to readjust the relations with Japan through diplomatic channels. Will Mr. Kawagoe prove to be an Ambassador or Peace or of War?

Nanking, June 18, 1936.

J. Heng Liu Charged With Embezzlement of Public Funds

Charging them with embezzlement of public funds of the Central Hospital and the National Health Administration, the Metropolitan Court Prosecutorate has brought an indictment against Dr. J. Heng Liu, Director, and Messrs. Tao Shih-chieh, Chang Hung-hsu, and Wu Kang-nien, staff members of the two government organizations. It is understood the accused are charged with having violated Arts. 56, 336 and 23 of the Criminal Code. The *Shanghai Evening Post* intimated that politics are behind the move.

U. S. Farmers Undersell Manchurian Beans, Disrupt Puppet State Finances

BY THE REVIEW'S HARBIN CORRESPONDENT

UNCLE Sam is swinging an economic ax which may eventually work havoc to the Japanese puppet building activities in Manchuria. The blow comes not by way of the Stimson doctrine or similar high sounding but nevertheless valueless notes of the Washington Government, but by way of the competition of American farmers in the Mississippi valley on the European soya bean market, on which the American bean is now underselling the Manchurian product.

This has come as a thunderbolt in a blue sky. On May 26, the London branch of the Yokohama Specie Bank cabled to its local office stating that the American soya bean of a better quality than the Manchurian was being sold at £6-1-3d. per ton C.I.F., against £7-0-6d. asked for the Manchurian bean. The cable further stated that the offers from America were ten times more than those from Manchuria. As the result of this situation, Messrs. Louis Dreyfuss and the East Asiatic Company, the two remaining European soya bean exporters in Manchuria, saw fit to cancel their previous engagements to ship 10,000 tons of beans from Manchuria in June and July, substituting it by American cargo. Continuing further the cable stated that "the advance of American beans on the London market is still considered as a momentary phenomenon caused by a higher quotation of Manchurian bean" and that "the American bean crop increased remarkably last year and is said to be becoming popular amongst traders in London, because of the alleged better quality and cheaper price than Manchurian bean."

The appearance of such a strong competitor as an American farmer on the world soya bean market doubtless undermines the whole economic system of the puppet Empire, inasmuch as the prosperity of this country and its value as a market for manufactured goods has been mainly due to the soya bean, in the production and marketing of which Manchuria plays a foremost role—almost 60 per cent of the world's soya bean production. The annual production of this staple amounts to about 4,000,000 tons, of which about 80 per cent are exported abroad. These exports represent, on the other hand, about 60 per cent of the entire Manchurian exports abroad and account to that extent for its prosperity.

The appearance of American soya beans on the European market has naturally alarmed the Japanese economists, one of whom, M. Murotsu, writing in the *Manchuria Daily News* for May 27 last stated, "The dramatic appearance of American produced beans in London may prove only a transient phenomenon, caused by the unusually high bean quotations prevailing there at present. But the fact that the American beans were able to dominate the London mart, selling at nearly a pound sterling less per ton than Manchurian beans, should cause our authorities to reflect on the situation, and devise a timely remedy." Continuing further, he stated, "The Dominion of Canada, emulating the neighboring republic's example, has also been increasing its bean acreage and harvest. The double menace from North America may eventually undermine the long-established supremacy of the Manchurian bean on the world markets."

Balkans Also Raise Soya Beans

To this, one may add the growing production of soya beans in Europe itself, notably in the Balkan countries, where, according to all reports, it is making rapid progress. Last year, the crop in Rumania alone amounted to 30,000 tons, harvested from 25,000 hectares of land. This crop went entirely to Germany, which country imports the whole of their harvest against the exchange of her own products. This year, the Rumanian Government proposes to enlarge the acreage to 120,000 hectares with the corresponding increase of crop, which will again be exported to Germany in accordance with a special arrangement existing between the two governments in this respect.

The growing importance of the United States as the soya bean producing and exporting country may be seen from the following comparative figures relative to the production and export of this staple in Manchuria and the United States and all taken from Japanese sources (in 1,000 metric tons):—

	Manchuria		United States	
Year	*Production*	*Export*	*Production*	*Export*
1929	4,849	2,705	261	—
1930	5,298	2,235	357	—
1931	5,227	2,477	459	3,5
1932	?	1,900	504	112,7
1933	4,601	2,283	351	—
1934	3,346	2,408	534	—
1935	3,822	1,726	1,005	700

Contemplation of these figures does not give any comfort, for, while the Manchurian production has decreased 29 per cent from the peak reached in 1930, the American production has increased 400 per cent from the humble beginning of 261,000 tons gathered in 1929. The absence of any exports from the United States in 1933 and 1934 is explained, according to Japanese reports, by an embargo placed by the New Deal Administration on soya bean exports due to the shortage of fodder at home. These reports further aver that approximately two-thirds of the entire American soya bean crop is available for export, so that last year the United States was to have exported 700,000 tons of this staple to Europe, or a little less than half of the entire bean exports of Manchukuo. Compared with the figures for 1934, Manchuria lost, in all, 682,000 tons of soya beans in this trade, valued at $30,295,000.

The value of 1,726,000 tons of beans exported last year from Manchuria was put at $130,530,000 which makes about a third of the entire Manchurian exports of that year ($421,077,000).

When discussing the subject of American competition on the soya bean market, Japanese writers appear to underestimate the quality of the American product, stating that it is of poorer oil content than its Manchurian counterpart. This is not supported by facts, for, according to all information available, the American bean is not poorer in quality than the Manchurian, being even better in this respect, *e.g.* while the oil content of the Manchurian bean is put at 18.19 per cent, that of the best known American brands is reported to be as follows; "A.K.", 19.2 per cent; "Absorbent," 19 per cent; "Biloxi," 20.1 per cent; "Ebony" 18.4 per cent; "Mikado," 18.4 per cent. There are of course other types of seeds, with lesser oil contents, but that does not come into the question, for the American farmer appears to have selected the best seeds, as the phenomenal increase of soya bean production in the United States amply testifies.

Discussing this question, M. Murotsu believes that the phenomenal increase of the American soya bean production has been due to the widespread employment of machines in American farming, which, he states, has nearly eliminated human labor and cheapened production to that extent. He concludes his discussion by suggesting that "ultimately, Manhcuria will have to adopt machine farming, in order to beat America at her own game."

Irresponsible Bibble-Babble

Obviously, it is another case of irresponsible bibble-babble, for the introduction of machine farming is more easily said than done in Manchuria. Should the "State" try to introduce it, as M. Murotsu, suggests, it will have to solve many problems interwoven with that attempt, *e.g.* it will have to raise a huge sum of money to finance the whole project, it will have to train the necessary personnel, to introduce a new agrarian legislation, to solve rural unemployment resulting from mechanized agriculture, and to solve a number of other equally serious problems, arising from the introduction of machine farming in Manchuria. Also, he forgets one serious factor, the proximity of America to Europe, which will always work in favor of the American product on account of cheap freight and better quality (it is a well known fact in the trade that due to long haulage nearly around the world beans arrive from Manchuria at ports of discharge considerably deteriorated in quality). Obviously, the mechanized farming is not the right way of solving the problem; it will, on the contrary, aggravate the whole situation.

The Japanese writers appear to be apt to overlook a very important factor now working in Manchurian agriculture with the pressure of natural law, the decline of soya bean planting. They simply fail to explain the cause of this indomitable phenomenon, yet there are several important causes underlying this factor: (1) preference by farmers of other seeds than beans, *e.g.* wheat and kaoliang, (2) higher taxation than during the Chinese administration despite all the propaganda to the contrary, (3) uncertain land legislation with avowed preference to Japanese immigrants, who, as a matter of fact, have not yet arrived but will inevitably arrive and take over the best suited lands now held by Manchukuoan farmers, and (4) continued pauperization of the rural population, which appears to be not affected at all by the building boom in Changchun and superficial "prosperity" brought about in connection with the Japanese puppet building activities.

Such are the causes of the declining tendency of Manchurian farming and each one of them is so serious and deep-rooted that the Japanese appear to have no power or ability to solve them in a satisfactory manner unless by sheer force of bayonets. Take, for instance, a single question of the colonization of Manchuria by Japanese settlers. Has it occurred to anyone where the Japanese throw the Manchukuoan farmers, now occupying the best suited lands for agriculture in Manchuria—for the Japanese immigrants are not supposed to settle on an unopened land? Apparently, when Japanese immigrants begin to pour into Manchuria, there will be a wholesale shifting about of the agrarian population of Manchuria by driving Manchukuoan farmers into remote, uncultivated parts of the country, which operation cannot, for obvious reasons, be carried out without bloodshed. Such attempt was made in 1934 near Ilan (Sansin), in the Lower Sungari region,

and was accompanied by ruthless massacre of farmers, who resisted the settlement of about 800 Japanese armed immigrants on their lands.

As one observes the way of working of many Japanese high-sounding schemes in practice, a conviction becomes irresistible that the conquest of Manchuria does not provide a solution of many problems confronting Japan internally and externally and that, on the contrary, it gives rise to many more unsuspected but equally serious problems, of which the competition of American soya beans on the world markets is but one amongst many. Since there is no retreat for Japanese generals from the mess created by their own hands, it appears there can be no way out of the situation but through plunging into war somewhere and at all costs, which, after all, remains the last recourse of all desperate gamblers.

Harbin, June 16, 1936.

Main Points of German-Manchukuo Trade Agreement

The following are the main points in the trade agreement signed April 30, 1936, between Germany and Manchukuo in Tokyo—by Otto Kiep for Germany and by Hsieh Chieh-shih on behalf of Manchukuo.

Under the New Agreement, the German Foreign Exchange Control Burdan permits the importation of Manchukuoan goods to the maximum value of Yen 100,000,000 a year, while Manchukuo undertakes to import German goods to the value of Yen 25,000,000. Three-fourths of Manchukuo's exports, namely, Yen 75,000,000, is to be paid for in foreign exchange and the remaining Yen 25,000,000 in Reichsmarks.

Art. 1.—The German Administration of Foreign Exchange shall admit the importation of products of Manchukuo to the amount of 100 million Yuan in value.

Art. 2.—The payments in respect of the importation referred to in Art. 1 shall be made as to three-fourths (75 million Yuan) in foreign exchange and as to one-fourth (25 million Yuan) in Reichsmarks, the latter to a special account at a bank designated by the authorities of Manchukuo and to be utilized for the payments to be made in respect of products of Germany imported into Manchukuo.

Art. 3.—If, owing to unforeseen circumstances, the exchange situation in Germany should render it impossible for the German Administration of Foreign Exchange to make available foreign exchange to the amount of 75 million Yuan as provided for in Art. 2 during the period of one year, the amount of importation provided for in Art. 1 may be reduced to not less than 65 million Yuan in value, the payment of which shall be made as to three-fourths in foreign exchange and as to one-fourth in Reichsmarks.

In so far as the annual surplus of foreign exchange accruing to the Reichsbank from German trade with Japan during the period of one year exceeds the amount of 63,750,000 Yuan, such excess shall be made available for additional German importation from Manchukuo payable in foreign exchange beyond the amount provided for in the preceding paragraph and the importation against payment in Reichsmarks shall be increased by one-third of such excess.

Art. 4.—Manchukuo shall take the necessary measures to ensure sufficient importation, calculated on the basis of c.i.f. prices, into Manchukuo of products of Germany during the period of one year, to utilize the whole amount of Reichsmarks paid into a special account in accordance with Art. 2 during the same period, which amount may be modified in accordance with Art. 3.

Art. 5.—Products of Germany shipped to Manchukuo shall be accompanied by a copy of the invoice bearing a statement by the exporter to the effect that they are products of Germany and by a copy of the Export-Declaration through which the Reichsbank is notified by the exporter of the amount of the products invoiced in accordance with the German regulations for the control of foreign exchange.

Art. 6.—Products of Manchukuo imported into Germany through a third country shall not fall under the present Arrangement, if the payments for such products are effected under a clearing or compensation agreement between Germany and such third country.

Art. 7.—Under the present Arrangement private clearing transactions in trade between Manchukuo and Germany require the approval of the authorities of the two countries.

Art. 8.—The amount of trade effected between Manchukuo and Germany shall be ascertained quarterly at Berlin by the competent representatives of the contracting parties.

Art. 9.—If, at the end of the period of one year, the present Arrangement is renewed and there exists in the total amount of imports from Manchukuo to Germany or from Germany to Manchukuo a deficit in or an excess over the amounts provided for in the present arrangement, the amounts to be fixed for the following year shall be increased or decreased by the amount of such deficit or excess.

Art. 10.—The organization of the special account in Reichsmarks referred to in Art. 2 and the conditions of utilizing such account shall be determined by an agreement between the Reichsbank

and the bank referred to in Art. 2, which agreement shall be subject to the approval of the contracting parties.

Art. 11.—In so far as German exports to Manchukuo are financed by banks, Manchukuo shall not take measures to prevent at least 25% of such financing from being handled by other banks than the bank referred to in Art. 2.

The remaining articles are of an explanatory nature except Art. 14, which provides that the agreement shall be in force for one year (from June 1, 1936 to June 1, 1937—with two months notice on either side if renewal is desired).

New Trade Agreement Favorably Received by Japanese Press

The *Japan Chronicle* stated that a favorable reception is given by the Japanese press to the new Manchukuo-German trade agreement. It is stated that the new agreement will not only benefit the two countries but also Japan. The *Mainichi* claims that the new agreement implies the de facto recognition by Germany of Manchukuo. Not only will it deal a blow to non-recognition nations, asserts the Osaka journal, but it also presents an example to such countries as Australia, the British Colonies and America, which are at present erecting barriers against Japan, of the correct method of achieving peaceful trade.

Increased activities by more than 30 German commercial houses in Manchukuo since the enforcement of the new German-Manchukuo trade agreement on June 1, were reported June 16 to the industrial department of the Osaka municipality from Mukden.

S.M.R. Status Is Changed by Extrality Abolition

Abandoning the political role it has played for several generations, the South Manchuria Railway Company will now be reorganized into an exclusive continental railway firm as a result of the coming abolition of extraterritoriality in Manchukuo, according to *Tokyo Hochi*. The S.M.R. was constructed as a semi-official company, in view of the complicated international situation then prevailing, after the manner of the East India Company of Great Britain, to play an important role for enforcement of Japan's continental policy immediately following the Russo-Japanese War. For some 30 years until the outbreak of the Manchurian Incident the company fulfilled its role.

The founding of Manchukuo and a change in political power in the East Asiatic continent, chiefly Manchuria and Mongolia, have brought about a condition where the South Manchuria Railway is called upon to finish its political mission and replace it with a pure economic mission.

The recent trend in the policy of the S.M.R. is to make part of its vast investments in national defense controlled industries and sell its controlling interests in various synthetic industries in which it had made investments. Shares which the company possessed are being sold to the public. Hereafter the S.M.R. will manage the railway industry and other enterprises directly connected with the railway business and carry on as a pure semi-official railway company.

In accordance with abolition of extraterritoriality the S.M.R. will transfer the administrative rights in the S.M.R. zones to Manchukuo, and at a preparatory committee session the decision was recently made to transfer the engineering, hygienic and educational institutions and equipments valued at Yen 54,000,000, to Manchukuo without compensation.

S.M.R. Wants Bonds Instead of Port Equipment at Seishin and Yuki

Yosuke Matsuoka, president of South Manchuria railway company, says that as compensation for transfer of various institutions and equipments to Manchukuo and Japan, the S.M.R. desires to receive bonds instead of Korean port equipments at Seishin and Yuki; he is quoted as saying that the mining resources of Manchuria are more vast than heretofore thought; coal deposits, heretofore estimated at 30,000,000,000 tons, are now estimated at 100,000,000,000 tons; as to iron ores, poor ores were found in the past, but now in the Tungpingtao district ores with iron content of 70 to 80 per cent have been discovered, and there will be little necessity for Japan to buy ores from the South Seas. Plans are under way to produce Yen 300,000,000 worth of gold in Manchuria annually. Stock breeding is also being studied with a view to carrying out a 10-year plan at a cost of Yen 100,000,000.

S. M. R. Discovers Rich Iron Ore Deposits

Domei states that rich deposits of iron ore, totalling about 3,000,000,000 tons, have been discovered by the South Manchuria Railway Company. The plans for their exploitation will be discussed with Government agencies concerned by Takuichi Ohmura, Vice-President of the S.M.R., who proceeded to Tokyo attend the meeting of the company's shareholders. The railway concern is already exploiting rich iron mines in Anshan and Penhsihu.

S. M. R. Zone Tax Regulations Issued

Complementing the agreement for the rendition of Japanese extraterritorial rights in Manchukuo, an Imperial Ordinance regulating the production the taxes on of sake, tobacco, cement and flour in the South Manchuria Railway zone was issued in Tokyo June 22. The Ordinance is retroactive to June 1.

Coal Liquefaction Plant to Start Work in July

Hurried preparations are being made by the officials of the newly-formed Manchuria Coal Liquefaction Industry Company, Ltd. for the of operations at the end of next month. This Yen 5,000,000 firm was formed by Akira Den, member of the Tokyo House of Peers, with the support of the Manchukuo Ministries of Finance and Industry. Other promoters include Jun Hama and Juhei Hirata. The liquefaction processes to be used were reported to follow closely the methods used in Germany. The necessary coal will be obtained from the Hsian Coal Mines.

Anti-Japanese Volunteers Continue Active in Manchuria—Many Japanese Troops Killed

Japanese troops were surrounded and badly defeated June 18 by 300 anti-Japanese volunteers, at Ertaokowtse in North Manchuria, according to a special report received in Harbin end of last week. Five Japanese soldiers were seriously wounded.

Scores of Japanese and Manchurian troops were killed in a series of battles with the anti-Japanese volunteers at the mouth of Hsia Hei Pei river, near Ilan on June 6, according to a belated report received in Harbin June 16. The anti-Japanese volunteers were led by Chao Shang-tze.

The Tokyo *Hochi* June 16 stated that another incident had taken place concerning Manchukuo border troops, 40 Manchukuo soldiers having caused a revolt and fled into Soviet territory. Because Soviet Russia usually treats these men as political refugees and refuses to turn them over to Manchukuo and moreover, instigates them to disturb the peace on the border, Japanese authorities are watching the connection between the Soviets and the rebels.

Mukden Arsenal to Be Reorganized

The reorganization of the Mukden Arsenal into a Japanese-Manchukuo joint stock company, directed by the Manchukuo Minister of Defense—in line with the Government's policy for the state supervision of the munitions industry—was decided upon by leading Government officials in Hsinking June 16. The new concern, to be known as the Mukden Munitions Factory, Ltd., will be capitalized at Yen 600,000, of which a half will be subscribed by the Hsinking Government and the remainder by private investors. Major-Gen. Toichi Sasaki, supreme adviser to the Department of Defense, presided over the meeting.

Advance Emigrant Group Due Soon in Mishan

An advance group of 60 immigrants is due to arrive before the end of this month in Mishan Hsien,—close to the Soviet border,—to make preparations for the 1,000 families that will be sent to the new Empire by the Tokyo Overseas Ministry in September and March. The entire group,—the fifth to be sent over to Manchukuo by the Ministry—will settle at Yungantun, Chaoyangtun and Heirai, Mishan hsien, Sankiang Province.

A group of 128 picked Japanese forestry workers from Akita and Aomori Prefectures will migrate to the new Empire in August, under the auspices of the Tokyo Ministry of Overseas Affairs and the Manchukuo Government.

Two New Railways to Open in Manchukuo July 1

Two railways, linking Mutanchiang, on the North Manchuria Railway, with Mishan, close to the Soviet-Manchukuo border, will be formally opened for traffic on July 1.

Japanese Bankers to Issue More N.M.R. Bonds

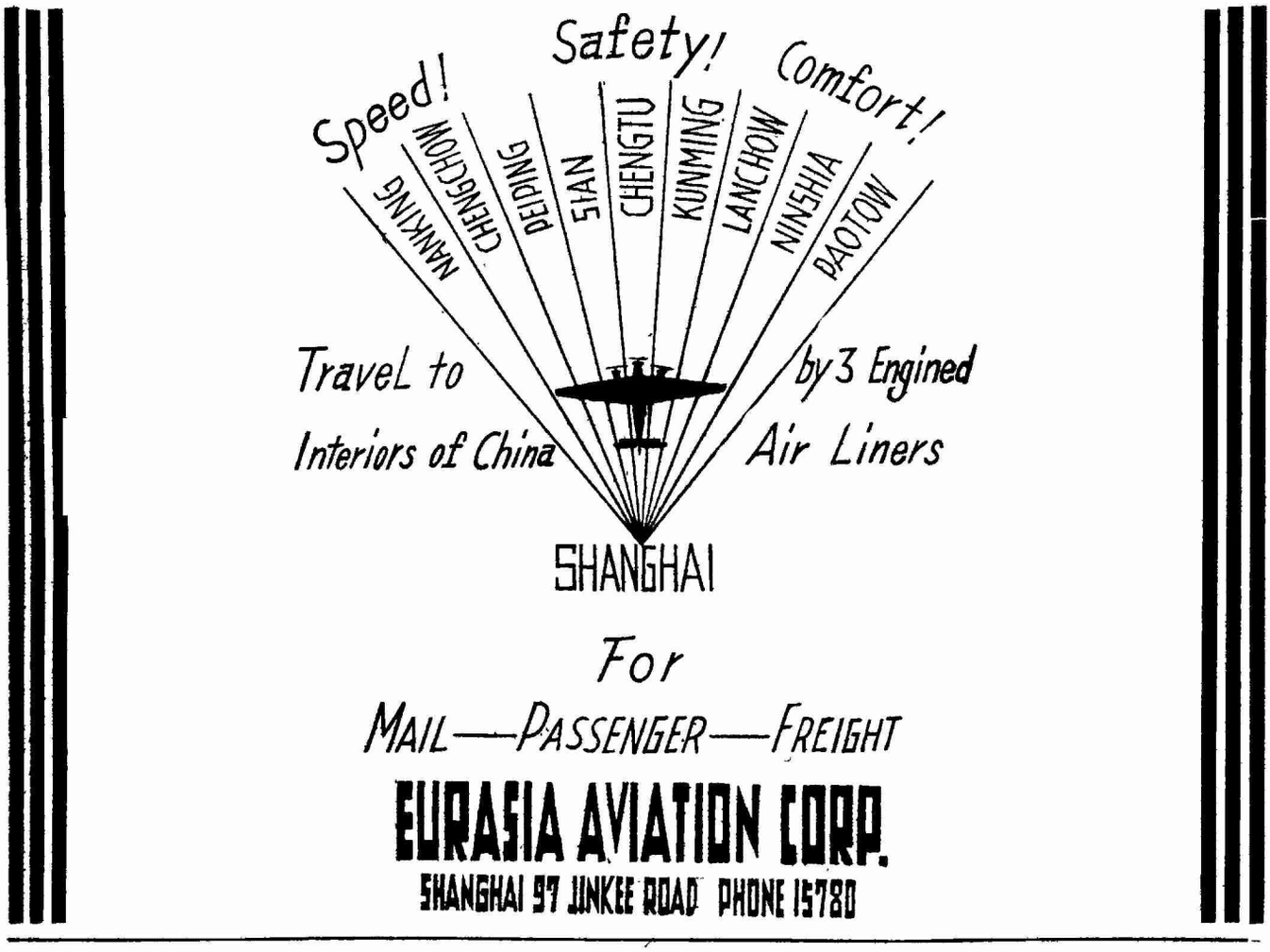
Official approval was granted in Tokyo June 17 for the issue of Yen 30,000,000 worth of North Manchuria Railway bonds by Japanese syndicated banks. The bonds will sell at Yen 99.75 for the face value of Yen 100, bear 4 per cent interest, and be redeemed in ten years, the redemption beginning in the fourth year.

Manchu Princess to Wed Lieutenant Next Month

Lieut. Chao Kuo-chin, a descendant of an ancient aristocratc Manchu family will be married at Hsinking next month to Princess Ssu Ko Ko, the fourth sister of Emperor Kangte.

Financial Backer and President of Amoy University Withdraw from Institution

Amoy University, according to the *North China Daily News* correspondent at the Southern port, has received a heavy blow as the result of the resignation of Dr. Lim Boon-keng, as President. A few weeks previously Tan Kah-keen of Singapore, telegraphed that his financial assistance to the University must cease and that he desired to relinquish all direct interest in it. This originally was his intention. He founded it, spent a fortune on its buildings and equipment in the hope that the Central Government would ultimately take it over. Financial conditions in the South are now maturing these original plans and the University must now be taken over by either the Central or Provincial Governments, or it must definitely close.



$800,000 for Chiang Birthday Plane Purchase from Fukien

More than $800,000 have so far been raised among the people in Fukien towards a fund for purchase of airplanes in honor of Gen. Chiang Kai-shek, President of the Executive Yuan, on the occasion of his fiftieth birthday next November.

Hsuchow Holds an Air Defense Exhibition

Before a gathering of more than 3,000 Party and Government officials and representatives of public organizations, the Hsuchow Air Defense Exhibition (*Fang-Kung Chan-Lan-Hui*) was formally opened at a ceremony held at the Public Recreation Ground in said city June 20. Shao Han-yuan, Special Adminstrative Commissioner for the Hsuchow Area, presided. Speeches emphasizing the significance of the Exhibition and the importance of air defense were delivered by Shao Yun-ching, member of the Hsuchow District Party Headquarters, and other Government and civil leaders.

"China Clipper" to Fly to Macao

The *China Clipper* will fly to Macao from San Francisco on its next flight to the Orient next month, the Shanghai *Shun Pao* states. The new airdrome at Macao, which will be the terminus of the trans-Pacific line, has been completed.

The *Philippine Clipper* took off from Alameda, Calif, for Honolulu en route to Manila at 3 p.m. June 20.

The *China Clipper* at the same time made a trip across the Pacific in the opposite direction.

Moscow Builds Large New Airport

The construction of a large airport has been commenced 12 miles from Moscow. Together with various auxiliary institutions, the new airport will occupy an area of 1,367 acres. It will be connected with Moscow by several paved highways and two railways, which will be electrified in the near future. The Volga-Moscow canal adjoins the future airport.

Japan Takes Preliminary Steps to Form Air Ministry

The *Tokyo Asahi* June 15 stated that the Japanese military authorities have decided to control and strengthen the civil aviation study organs and promote civil air pilot educational organs as the first step to creation of an Air Ministry.

Slow progress made in the development of civil aviation was described June 20 by Keikichi Tanomogi, Minister of Communications, in an address before Japanese prefectural governors, meeting in Tokyo this week. The Ministry's plans, he said, include the grant of subsidies to mail lines, the establishment of airplane factories, and training of pilots.

China Flying Institute Opened at Shanghai

The China Flying Institute, organized under the auspices of the China National Aviation League, was formally opened at a ceremony held at the Lunghwa Airdrome, Shanghai, June 18. Mayor Wu Te-chen, Chairman of the Institute, speaking at the ceremony, stressed the necessity of training good aviators in China. The object of the new Institute, he pointed out, is to train competent fliers in order to meet the nation's future needs in the field of aviation. Wang Hsiao-lai also spoke, urging the students of the Institute to grasp this chance to prepare themselves for service to their country.

The Institute has at present a total of 40 students and a number of experienced pilots on its teaching staff. Classes formally started June 22.

Japan Watches Opening of Canton-Hanoi Air Route

A report reached the Tokyo Foreign Office June 11 from Consul-General Kawai at Canton that the Southwest Air Transport Company had decided to establish a new regular air route between Canton and Hanoi in French Indo-China. The Tokyo *Nichi Nichi* commented that in view of the Sino-Japanese air connection talks being at a deadlock, the opening of a new air route connecting China with a third country was being watched in Tokyo with keen interest.

Resuming a service, suspended since early this year when the Canton authorities seized a China National Aviation Corporation airplane bound for Hanoi, the Southwest Aviation Corporation will operate planes on the same route beginning July 1, it was announced July 22. The fare will be $130.

The receipts of the Southwestern Aviation Corporation during the six months between October, 1934 and March, 1935, amounted to $24,900, which include $21,000 from the Canton-Lungchow (Kwangsi) Airway and $3,900 from the Canton-Hainan line.

One Killed in Plane Crash Near Canton

A military plane, belonging to the Third Squadron of the Canton Air Force, crashed to the ground near the eastern suburbs early in the morning of June 22, killing one of the two occupants. The pilot, Ku Han-ting, luckily escaped death.

Lack of Cooperation in U.S. Bureau of Air Commerce

A special U.S. Senate committee on air safety June 20 submitted a report casting grave reflections on the ability of the highest officials of the Bureau of Air Commerce. The committee's report asserted that there was "a grievous lack of co-operation" between the various officials of the bureau.

Some Developments in Fukien as Consequences of Nanking-Canton Crisis

BY THE REVIEW'S FOOCHOW CORRESPONDENT

AT the outset I consider it advisable to give in a nutshell the historical background of the late moves of Southwestern leaders. Perhaps an average reader of *The Review* knows that the Southwest (Kwangtung and Kwangsi) has been within and without the Nanking regime. Authorities in the Southwest have shown nominal allegiance to Nanking; they have enjoyed discretionary powers as to political and economic matters. The virtual rulers of the Southwest, notably Gen. Pai Chung-hsi, have harbored ill-feeling towards the Nanking leaders, especially General Chiang. Though dissastified with the Nanking regime, Hu Han-min, the late veteran Kuomintang leader, is said to have curbed many times the ambitious schemes of the strong men in the Southwest. Had it not been for his restraint and also for the wait-and-see policy of Gen. Chen Chi-tang, Kwangtung ruler, the Kwangsi faction might have openly revolted against Nanking long before now.

Speculation is rife that the plotters of a certain country have pulled the wires behind the recent actions of Southwestern leaders. Reports state that a certain country has sold to Kwangtung and Kwangsi, partly in cash and partly on credit, a considerable quantity of munitions, to a value of five million dollars. Whether the Southwest is camouflaging its anti-Chiang activity behind the sugar-coated catchword of anti-Japanism and whether the Southwest's action is pro-Japanese instead of anti-Japanese, are left for the readers to judge. One thing seems certain: During the time when the national crisis is at its acutest hour, internal strife is unpardonable. The gravity of the situation demands a united front against foreign aggression.

As Fukien is an immediate neighbor of Kwangtung and a hotbed of bandits and malcontents, the military authorities have watched the developments in the Southwest with concern and taken due precautionary measures.

Troop Movements

After a conference botween Gen. Chiang Ting-wen, Fukien Pacification Commissioner, and Gen. Chang Fa-kwei, Commander of Bandit-Suppression Forces along the Fukien-Chekiang-Anhwei-Kiangsi frontier, the troops in Fukien have been given new garrisoned posts. The 56th Division, the 3rd Division, the 45th Division, the 11th Division (newly organized), and the 75th Division are ordered to be stationed in East and North Fukien; while the 9th Division, the 80th Division, the 52th Division and the 37th Independent Brigade are ordered to be stationed in West and South Fukien. The Peace Preservation Corps all receive orders to await further instructions.

According to the *Wah Tse Yat Pao*, eighteen airplanes have hopped from Nanchang to Kienao (North Fukien). These planes will fly to Changchow (South Fukien) in case of necessity.

There are, according to the *Min Pao*, strong garrisoned posts in the districts along Fukien-Kwangtung border, Fengchui, Taipu, Huangkang, Chiaolin, etc. Traffic on the highways connecting Fukien and Kwantung has been dislocated. Both sides keep sentries at night.

Gen. Liu Hua-ting Comes to Foochow

Gen. Liu Hua-ting, Commander of the 39th Army, who has had a large following in North Fukien and the provincial capital, is expected to arrive at Foochow on June 20 with a detachment of his forces. He will establish his headquarters in Foochow.

Chairman Chen Yi Postpones His North Fukien Tour

Chairman Chen Yi's North Fukien inspection tour has been temporarily postponed. In view of the new developments in the Southwest, the Chairman is under the necessity of remaining at Foochow for conferences with his colleagues.

Chen Yi Summons a Conference of Bankers

With a view to preventing abnormality in the currency situation (which might result from the troop movements in Kwangtung and Kwangsi,) Chairman Chen Yi, held a conference in the forenoon of June 12, of the managers of various banks in Foochow, namely, the Central Bank, the Bank of China, the Bank of Communications, the Farmers Bank of China, the Industrial Bank of China, the Provincial Bank, etc. There was a detailed discussion about measures for maintenance of a normal situation here.

Completion of Network of Highways

To facilitate military transportation, the network of highways in North and West Fukien is being rushed to completion. Given an allowance of one million dollars, the Fukien authorities have received strict orders from Nanking for the building of projected highways and the repairing of damaged ones within the shortest possible of time.

Mail and Telegram Censorship

All outgoing and incoming mails and telegrams are censored by the officers of the Military Affairs Commission and the Provincial Government. Messages of seditious character are banned.

Disgruntled Politicians Flock to Canton

The disgruntled politicians of Fukien flocked to Canton. They were extremely active; they plotted to creep stealthily into Fukien. The so-called representatives of the Fukien militia, Lu Wei-sheng and Chen Yao-kang, who were formerly members of the Committee for Readjustment of Fukien Party Affairs, have also been in Canton. A report has it that they have returned by stealth to South Fukien.

Li Tsz-i and Li Shih-chia Confer About Important Affairs

Since his arrival in Foochow on June 12, Li Tsz-i, high adviser to the Fukien Provincial Government, has conferred with Chairman Chen Yi several times. On June 14, he had a conference with Li Shih-chia, Mamoi Garrison Commander. According to the *Min Pao*, Japanese organ at Foochow, they talked about military affairs.

Seriousness of Fukien Smuggling Problem

Owing to geographical proximity to Formosa, Fukien is naturally a scene of smuggling activities. Goods have been smuggled in large quantities from Formosa to coastal regions of Fukien. The situation is practically as serious as that in North China. What makes a difference is that conveyance of smuggled goods in Fukien has not been protected by armed persons of a certain nationality. The loss incurred by the Amoy Custom House during the past sixteen months amounts to five million dollars, while the loss incurred by the Foochow Custom House during the corresponding months has not yet been estimated. Interviewed by the Amoy Correspondent of the *Nan Fang Yih Pao*, a Foochow newspaper, a high officer of the Amoy Custom House said:

> There are two ways of smuggling in South Fukien. First, large smuggling companies are formed. The goods smuggled are those subject to high duty rates, such as, sugar, kerosene, cement, matches, and marine products. At first smugglers used motor boats for transporting goods; then, they used sail-boats; later, they have used fishing boats.
>
> Second, there are, in Amoy-bound Formosan ships, seamen secretly engaged in carrying huge quantities of piecegoods and groceries. Usually, there are two hundred seamen on a ship; at times, there are three or four hundred. The goods carried by the crew are taxed in accordance with their approximate value. To deal with these seamen, custom officers are at a great disadvantage; sometimes they are badly handled. Last October, this custom house concluded with the Japanese consul an agreement by which the number of seamen in every Amoy-bound Formosan ship is limited to three hundred.

Foochow Smuggling Organ Discovered

Some inspectors of the Smuggling-Prevention Bureau have discovered in the third story of the Nan Hsin Hotel, Nantai, Foochow, a smuggling organ formed by Chinese traitors and ronins of a certain country. Twelve rooms are used for storing smuggled goods. Hsia Hsin, Director of the Smuggling-Prevention Bureau, and Kwan Chung-i, Head of Diplomatic Affairs Section of the Provincial Government, have called on the Japanese consul-general for an important conference.

The aforesaid is the Chinese version of the story. The Japanese version of the story, however, has it that the Formosans lodging in the third story of the Nan Hsin Hotel, are not smugglers, but seamen whose goods have been taxed by the custom-house and that to dispel any misunderstanding on the part of Chinese inspectors, the Japanese Consulate-General has despatched officers to explain to them the "real situation."

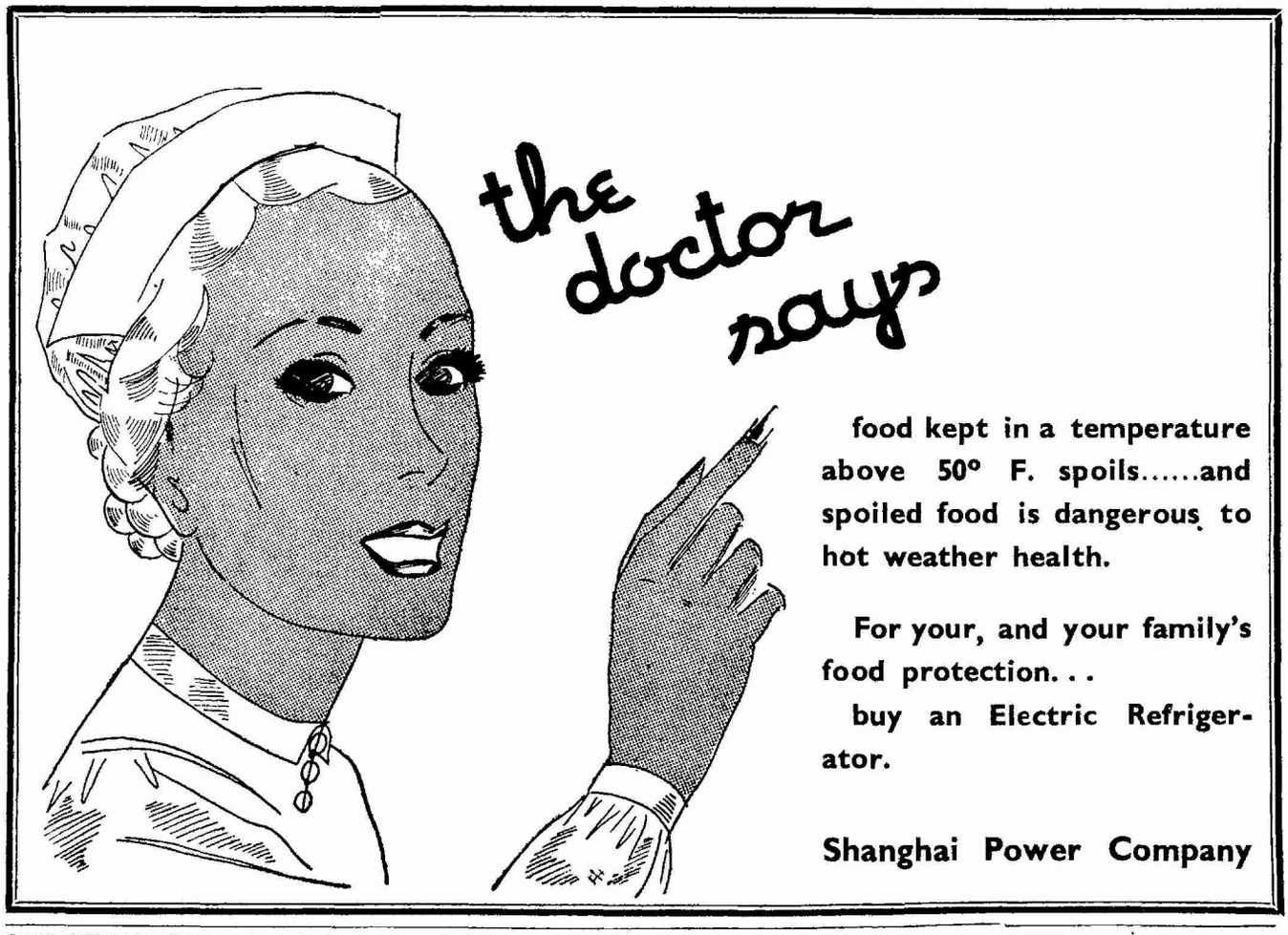
Smuggled Goods Seized in Liangkiang

On June 5 a considerable quantity of goods smuggled from Formosa into Liangkiang (a district near Foochow) was seized by Chao Chung-in and others, officers of the Smuggling-Prevention Bureau.

Japanese Consul-General Demands Correction of a Statement in the "Nan Fang Yih Pao"

In the *Nan Fang Yih Pao* (dated June 7), there is a statement to the effect that certain inspectors of the Smuggling-Prevention Bureau have discovered a smuggling organ in third story of the Nan Hsin Hotel. The Japanese Consul-General refutes the statement and demands its correction on the ground that the rented rooms of the Nan Hsin Hotel are godowns of several Japanese merchants who have paid duties on their goods.

June 17, 1936.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GEN. CHIANG DISCLAIMS INTENTION OF BECOMING PRESIDENT; KAWAGOE URGES CHINA TO FORGET PAST

(*Continued from page 123*)

According to the *Nichi Nichi*, the East-Hopei Autonomous Government has been preparing to establish a Central Bank of East Hopei, which will formally open for business on July 1.

The number of Japanese nationals in Tientsin has increased from 8,455 in March to 9,400 in May, according to a recent investigation of the Japanese authorities.

NEW TIENTSIN MAYOR AND CHAHAR CHAIRMAN ASSUME POSTS

The new Mayor of Tientsin, Gen. Chang Chih-chung, assumed his duties June 18. Gen. Chang appointed Ma Yen-chung, Secretary-General of the Chahar provincial government under him, as Chief Secretary of the Tientsin Municipality.

Making his inauguration address Gen. Chang stated that he would do his utmost to work for co-existence and co-prosperity with friendly nations on the basis of reciprocity and equality. The new Mayor also pledged to do everything within his power to promote the welfare of the nation and the people, promising the local populace a clean administration.

General Cheng Hsi-hsien, a close military subordinate of General Han Fu-chu, Governor of Shantung, assumed the post of Director of Public Safety of Tientsin June 22.

Lieut.-General Liu Ju-ming, newly appointed acting Chairman of Chahar was inducted into office June 21.

Chen Chung-fu, chairman of the Foreign Affairs Committee of the Hopei-Chahar Political Council, sailed for Japan from Shanghai June 20 aboard the *Tatsuta Maru*. Mr. Chen who had been actively interviewing Liang-Kwang leaders in Canton during the past two weeks arrived in Shanghai the previous day aboard the *Tatsuta Maru* from Hongkong, telling newspapermen that he was on his way back to Peiping.

General Han Fu-chu, Chairman of the Shantung Provincial Government, will proceed to Peiping from Tsinan by train next week, it is reported. While passing through Tientsin, he will confer with General Sung Cheh-yuan concerning the joint defence of Shantung and Hopei.

General Sung Cheh-yuan, Chairman of the Hopei-Chahar Political Affairs Committee, has despatched Chang Chien-hou to Nanking to report to General Chiang Kai-shek, President of the Executive Yuan, on the present situation.

Wang Keh-min, who for some time last year acted as president of the Peiping Political Readjustment Council, is expected to return to Peiping from Shanghai shortly to succeed Gen. Hsiao Chen-ying as chairman of the Economic Affairs Committee of the Peiping and Chahar Political Council, reported *Domei* June 19. Gen. Hsiao, who also was Mayor of Tientsin, is expected to leave North China for a trip to Japan soon.

The Shihhaitse district of Yenching hsien in Chahar has been completely deserted when large numbers of Chinese there were massacred mercilessly by the Japanese and Manchukuo troops sent there to suppress them, reported *Sin Wan Pao*, June 22. The trouble started when the people refused to pay taxes to the bogus regime under Li Shou-hsin.

DEATH OF NO-NA HUTUKETU REPORTED

No-Na Hutuketu, "Living Buddha" of Hsikang and concurrently Special Goodwill Commissioner to the people of Hsikang, who was recently kidnapped by the "Reds" under Chu Te and Hsu Hsiang-chien at Chanhwa, eastern Hsikang, died at Kantzu, eastern Hsikang, on May 12. His body was cremated by Han Ta-chai, his secretary; the ashes were put into an urn and conveyed to Kangting (Tatsienlu), eastern Hsikang, on June 16. A telegraphic report to the above effect was received by the Provisional Headquarters of the President of the Military Affairs Commission at Chengtu.

Thousands Attend Chang Birthday Celebration

The Majestic Garden, Avenue Haig, was the scene of a three-day celebration of the 60th birthday of Chang Hsiao-ling, prominen Chinese civic leader and member of the Shanghai French Municipal Council. The celebration was sponsored by a large number of high government officials headed by General Chiang Kai-shek. During the three days, June 20 to 22 inclusive, many thousands of persons called on the Chang family and offered congratulations. Prominent among those who personally attended the celebrations were Marshal Tuan Chi-jui, Drs. H. H. Kung, Wang Chung-hui, T. V. Soong, Mayor Wu Te-chen, Generals Chu Ching-lan, Hsu Chung-chih and Tsai Ching-chun, and representatives of Generals Ho Chien, Chen Tiao-yuan, Ambassador Hsu Shih-ying and many other high government officials and provincial leaders. The celebration was featured by an elaborate and excellent program of Chinese theatrical performances, in which such noted actors as Mei Lan-fang, Shang Hsiao-yun and several others participated. It is estimated that there were more than 40,000 guests during the three days and several thousands of tables of feasts were served. The funds derived from the gifts will be contributed to the World's Chinese Students' Federation to finance the building of its new headquarters. In commemoration of the birthday occasion, a book containing articles by noted Chinese scholars will shortly be published and distributed to Mr. Chang's friends and relatives.

Japanese Navy Drafts Plans for Extensions

Domei states that the Japanese Ministry of the Navy is drafting plans for the building of a navy capable of controlling the Western Pacific. In formulating these plans, the naval authorities emphasized their determination to avoid an armament race with the other naval powers. Japan, they said, would not construct any capital ships, unless the present situation showed a substantial change, and will seek economy in the contemplated naval construction.

Japan's failure to replenish her naval armaments would not only prove disadvantageous in any future disarmament conferences but would also serve to deprive her of her status as the "chief stabilizing force in East Asia," Admiral Osami Nagano told the prefectural governors June 19. Admiral Nagano emphasized the need for the universal acceptance of the principles of "non-menace and non-aggression" and for the conclusion of a "fair and equitable" disarmament treaty. The nation must "keep up" its armaments to make other powers consider its proposals at any future disarmament pourparlers, the Minister continued. An Adequate navy, he concluded, is "above all" important if Japan is to achieve her objects in the Orient.

Proposed Budget Will Ask Colonies to Contribute Towards National Defense

The *Tokyo Asahi* June 13 stated that a noteworthy development in the Budget compilation situation is the Army's strong demand that the colonial administrations pay part of the new national defense expenditures. The Army pointed out that ever since the outbreak of the Manchurian Incident the deficit-covering bond issue in the ordinary account has been on the gradual increase year after year in proportion to the growing defense expenditures, until the total bond issues of the Government at present have reached some Yen 10,000,000,000.

Foreign Ministry Officials Discuss Japan's Diplomatic Problems

The entire range of Japanese diplomatic problems, as well as Gaimusho administrative reforms, were discussed by high officials of the Foreign Ministry in Tokyo June 19 and 20. The agenda of the meeting included a discussion of Japan's relations with Great Britain, Soviet Russia and China, with Manchukuo as the crux; the opening of negotiations with Great Britain on the redistribution of world markets and resources, and the establishment of a "trade diplomacy."

Army to Propose Government Changes

Creation of Ministries of Air and Foreign Trade, the merger of four existing Ministries into two, and the abolition of the Overseas Ministry will be proposed to the Cabinet on July 3 by Gen. Count Hisaichi Terauchi, War Minister.

Guards Removed from Premier's Residence

Ten military sentries who were placed at the gates of the Premier's residence immediately after the mutiny of Feb. 26 returned to their division June 18.

Second Division Troops Withdrawn From Tokyo

The remaining units of the Second Division, brought to the Japanese capital on February 27 to maintain martial law, declared after the mutiny of the previous day, were withdrawn from Tokyo, to their divisional station, June 20.

Huge Radio Station to Opened Next Year in Japan

A powerful wireless receiving station, costing Yen 3,000,000, will be opened at Onomachi, Hyogo Prefecture, early next year. The new station's range of reception will include British India, Siam, French Indo-China, Java and the Philippines.

Huge Mitsui Concern to Be Reorganized

Plans for the reorganization of the vast Mitsui concern, to enable it to branch out into new fields of production and to bring its activities into accord with new national policies, were disclosed by the firm's officials June 17.

Among the projected activities are the liquefaction of coal; cultivation of tea; afforestation and sheep-breeding, and also the proposed construction of automobiles.

The Mitsui interests, *Domei* learns, have also decided to open to public subscription the stocks of the Shibaura Electric Works. Such an action, the company's officials said, would tend to bring the firm's activities in line with national policies and also permit the fuller utilization of the Yen 30,000,000 capital of the Shibaura works.

Nine Foreign Groups to Visit Japan This Summer

Nine groups of foreign educationalists, businessmen and students of things Japanese will visit Japan this summer, under arrangements with the Gaimusho's Cultural Affairs Bureau and the Society for the Promotion of International Culture. The first of these groups, comprising 85 professors of the University of Southern California, Los Angeles, will arrive in Yokohama on July 13, to study educational methods in this country. The Society, which has branches in Geneva, Berlin, Paris, New York and in South America, is actively pushing forward its campaign to attract foreign visitors to Japan.

More Restrictions on Nippon Settlers to Brazil

Japanese Foreign Ministry officials are stated to be closely studying a report from Setsuzo Sawada, Ambassador to Brazil, forecasting discriminatory legislation against Nipponese immigrants. One of the proposed regulations is the insistence on elementary instruction in Portuguese for all Japanese children under 12 years of age, and the breaking up of Japanese settlements by the compulsory inclusion in the community of Brazilian citizens or the mixing of Japanese with Portuguese or Spanish immigrants.

Unconstitutionality of the recent grant of 2,410,000 acres of land to Japanese settlers by the Brazilian state of Amazonas was established during a Congressional debate on June 13, according to an official report received from Rio de Janeiro last week.

Returning last year's visit of a Japanese economic mission to Brazil, a similar Brazilian group, headed by Dr. Plinio Saldago Filho, former Minister of Labor, will visit Japan in the coming autumn.

Orders to dispatch some 50 Japanese families to Paraguay have been given by the Tokyo Ministry of Overseas Affairs to the Guild of Emigration Association, Hidejiro Nagata, Minister, told prefectural governors, assembled in Tokyo June 17.

Vast Reforms Scheduled Under Japanese "New Deal"

Japan is also to have a new Deal, the draft of which will be discussed by the Cabinet beginning July 3 and, according to present expectation, should come out in a revised form by August 10. Seventeen far-reaching proposed measures are understood to be under consideration, among them being:—Assistance to China in kind for the construction of railways and for the financial rehabilitation of the country; establishment of a central organ for the control of overseas trade; creation of a Government unit dealing exclusively with national health; application of special relief measures in farming villages; readjustment of the finances of the local and central governments; increased taxation; extension of the monopoly system; increases in the Japanese forces stationed in Manchukuo and the creation of new Army divisions at home; a five-year naval construction program; creation of an air ministry; and extension to eight years of the present six-year system of compulsory primary education.

Japan's Soda Industry Feels Brunner-Mond's Competition

The *Tokyo Jiji* June 12 stated that the skilled dumping by the Brunner, Mond & Co. on Japan's overseas market has checked Japan's exports of caustic soda to a considerable extent, bringing about a marked oversupply at home. This has had the effect of considerably lowering the price of caustic soda during the past six months.

Baba Explains Finance Policy to Governors

The Government's intention to seek the amalgamation of local banking organizatione, so as strengthen the nation's banking strucrure, was conveyed by Dr. Eiichi Baba, Finance Minister, to the prefectural governors, June 20.

Hirota Confers with Bankers—A Precedent

Breaking all precedents, Premier Koki Hirota June 20 invited representatives of "The Big Ten" of Japanese banks to exchange views on administrative reforms. No Premier before Mr. Hirota had ever discussed such issues with banking leaders, the task having been normally delegated to the Minister of Finance.

Ogawa Speaks on Trade Retaliation

Emphasizing the Government's determination to promote friendly international relations, Dr. Gotaro Ogawa, Minister of Commerce and Industry, June 20 told the prefectural governorst that Japan would not hesitate to invoke retaliatory measures against foreign powers, "should a need arise."

Japan's Trade Continues to Show Large Adverse Balance

An adverse balance of Yen 10,078,000 was registered by Japan's foreign trade in the second ten-day period of June, with exports totalling Yen 69,778,000 and imports Yen 79,856,000.

The total unfavorable balance of trade since the beginning of the year now reaches Yen 311,382,000, representing a gain of Yen 196,572,000 over the corresponding period of last year. The amount is expected to exceed Yen 320,000,000 by the end of this month.

Shipping revenue, which annually forms the bulk of Japan's invisible imports, again was listed by experts in Tokyo June 23 as the major hope for keeping the nation's trade balances out of the red.

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Japan as the "Chief Stabilizing Power in the Orient"

Japan's standing as "the chief stabilizing power in the Orient" depends upon the adequacy of her military preparations, and also, to an even greater extent, on the people's understanding of the situation and their determination to overcome all obstacles, Gen. Count Hisaichi Terauchi, War Minister, June 19, told prefectural governors in session in Tokyo this week.

Japan Invokes Trade Restriction Law Against Australia

Japan opened commercial hostilities against Australia June 23, in retaliation against the imposition of prohibitive duties on Nipponese goods by the Canberra Government. The decision to invoke the drastic Trade Safeguarding Law against the imports of Australian goods was reached by the Cabinet the same morning.

Official authorization to open preliminary negotiations with the Indian authorities for the adjustment of trade relations between Japan and India on or after March 31, 1937, when the protocol attached to the present trade agreement expires, was cabled by the Tokyo Foreign Office to Kikuji Yonezawa, Consul-General in Calcutta last week.

South Africa Hopes to Develop Wool Trade with Japan

Andrew T. Brennan, South African Trade Commissioner told Tokyo newspapermen last week that if Japan purchases annually 250,000 to 300,000 bales of South African wool, the woolen industry of the latter country would be revolutionized and the quality of its staple brought up to that of Australia. He also predicted that improving trade relations would result in an amicable settlement of the pending trade problems between Japan and South Africa.

Increased purchases of wheat in Canada and the United States were forecast by Japanese traders this week as a probable result of the imposition of a licensing system on imports of Australian grain, similar to that for wool.

British Court of Enquiry Sits at Peiping

A court of inquiry into the death of Kisaku Sasaki, a Japanese officer whose body was found on the streets of Peiping, was opened by N. Fitzmaurice, the British Consul, at the British Embassy June 24 when three British soldiers were summoned for being concerned in disturbances on the night of May 26-27, the night Sasaki met his death.

Chinese Move to Enforce Opium Suppression Regulations in Settlement

Under the heading, "Chinese Seek New Powers in the Settlement," the *Shanghai Times* June 18 stated that the National Government anti-drug authorities were seeking the right to enforce opium suppression regulations in the Foreign Settlement and that it was reported that they had met with a set-back in their preliminary negotiations with Shanghai foreign civic chiefs. The *Times*, in this connection, said: "Negotiations between foreign and Chinese authorities in Shanghai were reported to have been opened following a consultation between Mayor Wu Te-chen and Ma Liang, Kiangsu and Shanghai district opium suppression inspector, after the latter had received orders from General Chiang Kai-shek. Mr. Ma refused to divulge the exact wording of General's Chiang's order, but it was understood that he had demanded enforcement of the regulations, including the registration of drug addicts, in foreign concessions as from July 1, and that the order was received on Tuesday.

The *Times* returned to the subject the following day and stated that a Council official had made a spirited denial that officials of the International Settlement had ever been officially approached with a view to enforcement of opium suppression regulations under Chinese Military Law. The original report also had stated that the work of opium suppression was being undermined because foreign settlements provided immunity from the regulations.

Extracts from the *The Times* interview with the unnamed Council official follow:

"We have seen nothing of Ma Liang (Kiangsu and Shanghai district opium suppression inspector) and there have been no discussions," the official said. "When these regulations were put into effect under Military Law some months ago, it was unofficially pointed out that such drastic dictates could not be supported in the Settlement. These regulations, enforced by military dictate, cannot be regarded as Chinese law which is recognized here. We have no machinery for the registration of addicts, as is being done in Chinese territory and it is absurd to expect us to round up addicts and license them for the Chinese authorities. It would undermine the administrative integrity of the Settlement. "Further," he continued, "it would be a physical impossibility. There must be 50,000 or 100,000 opium addicts in the Settlement—a conservative figure—and we haven't jails enough to hold them all. We already have 7,000 prisoners in Ward Road Gaol. "To the Western mind," the spokesman added, "sentence of life imprisonment or death for merely smoking opium is appalling."

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Long Distance Telephone Line Installed in Haichow Area

For the purpose of facilitating long-distance conversation, a telephone line connecting Nanking with Kuanyun in the Haichow area in northern Kiangsu, is being installed by the Ministry of Communications. Installation work is expected to be completed within next month.

Radio-Telephone Service to England to Start in a Month or Two

Preparations for the projected radio-telephone service between Britain and China having been completed, traffic will be inaugurated next month or at the latest in August, it is learnt at the Ministry of Communications. Arrangements for the service between America and China are also stated to be practically completed.

Yung Li Chemical Factory Issues $5,500,000 Debentures

For the financing of its new factory in Nanking, the Yung Li Chemical Works has issued debentures amounting to $5,500,000. A Yung Li Loan Syndicate has been formed by the Bank of China, the Shanghai Commercial and Savings Bank, the China and South Sea Bank, the Kincheng Banking Corporation and the Chekiang Industrial Bank to take over the entire amount of $5,500,000 debentures.

Farm Credit Bureau to Have Five-Year Plan

A five-year plan is being drafted by the Ministry of Industries for the Farm Credit Bureau, regulations governing its organization having been approved by the Executive Yuan June 16. A special committee in charge of preparations for the establishment of the Bureau will shortly be set up in Nanking with Yen Shen-yu, director of the General Affairs Department of the Ministry of Industries, and other high Ministry officials as members.

Employees to Be Made Preferred Creditors

That employee-creditors should enjoy preferred privileges in business liquidations in which they are involved was decided upon at meeting of the Executive Yuan Nanking June 16.

Shanghai Chamber Asks for Abolition of Interport Duty on Tea

An appeal for the abolition of the inter-port duty on tea in order to assist the development of the industry, was made by the Shanghai City Chamber of Commerce in a petition to the Ministry of Finance, June 22.

Passenger Service Resumed on Hunan-Hupeh Section of Canton-Hankow Railway

Ordinary passenger service on the Hunan-Hupeh section of the Canton-Hankow Railway, which was suspended owing to troop transportation, was resumed June 17.

New Omnibus Service Opened in Honan Province

Omnibus service on the highway between Nanyang, communications center in southern Honan, and Kingtzekwan, important pass on the Honan-Shensi border, was opened to traffic June 16.

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Nanking Cannot Pay Japanese Loans Because of Revenue Drop

A *Rengo* message from Tokyo June 18 stated that failure threatens the hitherto-successful negotiations for the redemption of Japanese loans to China, as the Nanking Government had informed Japanese bondholders that a drop in Customs revenue "due to smuggling in North China" would prevent it from keeping its word. The question deals with the repayment by China of Yen 32,478,400, representing the bulk of principal of a Yen 39,608,700 loan that fell due in 1929. Information on the subject was conveyed to assembled financiers interested in the matter by Dr. Katsuji Uchida, managing-director of the Oriental Industrial Co., who recently returned to Tokyo from Nanking where he had discussed the matter with Chinese officials.

Financial Negotiations May Ensure Kwangtung's Neutrality

A *Reuter* mesrage from Hongkong June 19 stated that an agreement reached between the Central Government and Kwangtung on financial questions indicated that Nanking and Canton had achieved a degree of rapprochement which would probably ensure Kwangtung's neutrality in the event of hostilities between the Central Government and Kwangsi. It is expected that, unless political upsets intervene, Kwangtung will complete the change over to the "big dollar" as its currency unit, in conformity with the National monetary system, by September. The Kwangtung provincial bank has already handed over its silver stocks, amounting to $78,500,000 in subsidiary coins and $19,500,000 in big silver dollars, to the Note Issue Supervisory Committee.

General Chiang Calls on Szechwan to Collect "National" Taxes

Concrete instructions have were been given by General Chiang Kai-shek last week to the Szechwan provincial authorities for financial readjustment. He gave instructions that the special inspector of finance for Szechwan shall be responsible for collection of national taxes, estimated at $26,300,000 while the provincial commissioner of finance shall be responsible for the collection of provincial taxes, estimated at $56,050,000.

Chekiang Government Asks Payment of Back Taxes

Because of rural bankruptcy in the interior, the different districts in Chekiang Province have failed to pay to the Provincial Government taxes for the period of 1927-1935 amounting to $20,000,000. In an attempt to collect these back taxes, the Chekiang Provincial Government has ordered the district authorities to pay the entire sum within three years.

Ta Chung Bank Ordered to Withdraw Notes

The Ministry of Finance June 22 ordered the Ta Chung Bank in Tientsin to immediately withdraw all its notes recently issued and hand them over the Tientsin branch of the Bank of Communications for custody.

British Boxer Funds to Be Used for Cultural and Educational Purposes

The plan relating to the granting of subsidies to various Chinese cultural and educational organizations for the coming year was adopted at the meeting of the Board of Directors of the Sino-British Boxer Fund Commission held at the Chinese Bankers' Association in Shanghai June 22.

Revenue Affairs Bureaus to Be Set Up July 1 in Five Provinces

Representing a fundamental reorganization of the internal revenue machinery, a unified control over the collection of the various kinds of taxes under the Internal Revenue Administration has been announced by the Ministry of Finance. This administrative reform is being taken, it is learned, with the object of enhancing the efficiency of the machinery in charge of the collection of the Consolidated, Tobacco and Wine, Mining, and the forthcoming Commodity taxes, by co-ordinating the different functioning organs under one bureau. The new plan, which is to be enforced beginning July 1, next, divides the country into various revenue districts. As a preliminary step, according to the Ministry announcement, reorganization of the taxation machinery will first be effected in the five provinces of Hunan, Kiangsi, Hupeh, Honan and Szechwan.

China's Debt to U.S.A. Now $16,608,329

China's debt to the United States stood at $16,608,329, June 20, according to information made available at the Treasury Department on that date. The amount represents the balance due on loans which originally amounted to $26,318,211, including the cotton, wheat and flour loans. Previously held partly by the Reconstruction Finance Corporation and the Grain Stabilization Corporation, the amounts still due have been consolidated in the hands of the Export and Import Bank.

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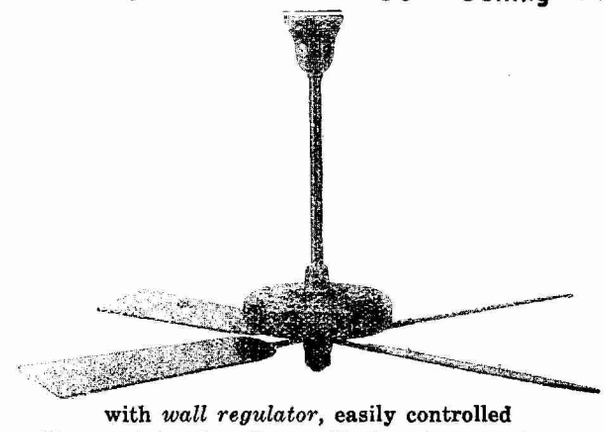

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Smuggling Not Due to High Tariffs, Customs Figures Show

The allegation repeatedly made by Japanese officials and merchants that the rampant smuggling activity in North China is due to "unreasonably high Chinese tariff rates" and to "lack of zeal" on the part of the Customs authorities in enforcing preventive measures is a sheer distortion of fact, a spokesman of the Customs authorities stated in an interview in Shanghai June 17, in which he refuted the Japanese allegation on the basis of facts and figures. "The plain truth," the spokesman said, "is that this scandalous situation is precipitated by the forcible interference with the Chinese Customs Preventive Service in discharging its legal duties; it has nothing to do with the tariff.

To show that the Chinese tariff rates on the smuggled articles are by no means higher than those levied by other countries, including Japan, the spokesman gave the following comparisons: *Refined sugar*:—The maximum Chinese import duty on this commodity is C.G.U. 9.60 per 100 kgm. In Germany, the tariff is 32 Reichmarks per 100 kgm., or C.G.U. 19.00 per 100 kgm; the British sugar levy (including surtax) amounts to 12.167 shillings for each cwt., equivalent to C.G.U. 13.20 per 100 kgm., while France imposes a duty (including surtax) of 340 francs, equivalent to C.G.U. 33.30 per 100 kgm. (all converted at the present rates of foreign exchange).

The Japanese import duty (including consumption tax) on refined sugar, the spokesman added, is Yen 14.90 per 100 kgm., equivalent to C.G.U. 10.71 per 100 kgm. when converted at the present GU-Yen exchange of 1 GU to Yen 2.3166; or C.G.U. 30.93 per 100 kgm. when converted at the GU-Yen exchange rate of 1 GU to Yen 0.8025, prior to the devaluation of the Yen. In every case, the spokesman revealed, the foreign import duty on sugar is much higher than the Chinese levy.

Artificial silk yarn:—The present Chinese duty is C.G.U 120.00 per 100 kgm. In Germany it is 220.00 Reichmarks, or C.G.U. 131.00 per 100 kgm.; in Great Britain, it is 1s. 3d. per pound, plus 25% ad valorem, equivalent to C.G.U. 101.60 per 100 kgm., plus 25% ad valorem; in U.S.A. it is not less than U.S. currency 0.45 per pound, equivalent to C.G.U. 147,00 per 100 kgm.; in France, it is 1625 to 2000 francs, equivalent to C.G.U. 159.16 to 195.89 per 100 kgm. (all converted at the present rates of exchange).

The present Japanese tariff on artificial silk yarn is Yen 101.25 per 100 Kin, equivalent to C.G.U. 72.82 per 100 kgm., converted at the present GU-Yen exchange (equivalent to C.G.U. 210.00 per 100 kgm., if converted at the GU-Yen exchange rate prior to the devaluation of the Yen). Nearly all of the foreign duties, the spokesman showed, are higher than the Chinese tariff.

A table prepared at the Ministry of Finance showed a long range of articles which are now being smuggled into China from Japan on which the Japanese Government collected higher duties than the Chinese Government does. In certain instances, Japanese tariff rates converted at the present exchange rate are lower than corresponding Chinese rates, but are 125-2295% higher than the Chinese tariff when they are converted into C.G.U. equivalent on the basis of 1 G.U. to Yen 0.8025, that is, the GU-Yen exchange prior to the devaluation of the Yen.

Because of foreign devaluation, the exchange value of Customs Gold Unit is now 32.50 d, or U.S. currency 0.6738 or Yen 2.31166 (as of April, 1936). The effects of such sharp depreciation in the exchange value of devalued foreign currencies on the Chinese tariff, or any tariff collected on a gold basis, he explained, have been:

(1) an apparent increase in the percentage equivalent of al specific rates as applied to goods from devaluation countries, and (2) a fall off in the revenue collection from ad valorem goods.

"This high percentage equivalent referred to by the Japanese press," the spokesman concluded, "is the outgrowth of currency devaluation—the devaluation of the Yen in Japan—rather than due to the rate of duty itself."

As regards the argument that it is not fair to charge specific duty on Japanese goods which are much cheaper than European or American products, the spokesman pointed out that whether a commodity should be subject to specific or ad valorem duty is largely determined by the nature of characteristics of that commodity rather than by its cost.

Smuggled Goods Continue to Pour into Shantung

A Japanese freighter carrying about 700 tons of smuggled motor oil was detained by the Tsingtao customs authorities June 20. Despite strict preventive measures now in force, illicit goods continue to pour into said city from Tientsin.

Owing to the strict measures being taken along the Tientsin-Pukow Railway line, the Japanese smugglers have begun transporting their goods to South China by the Peiping-Hankow Railway. As a result, the Chinese Customs authorities have sent large numbers of inspectors to the railway stations along the Peiping-Hankow line with a view to checking the traffic.

The Tsinan station of the Tientsin-Pukow Railway was the scene of another case of violence June 17 when three officers of the Tsinan Inspection Bureau, two passengers and several railway guards were brutally assaulted by a gang of armed ronins.

A total of more than 970 bags of goods was smuggled southwards via the Tientsin-Pukow Railway June 18. The first consignment, consisting of more than 80 bags of hemp, left the Tientsin East Station in the morning; the second batch consisting of 789 bags of hemp, 7 bags of cigarette paper, 12 bags of piece-goods, 70 bags of sugar and 13 cases of dyes, was transported in the evening.

Tientsin Tax Revenue Hit by Smuggling

The rampant smuggling in North China has caused a monthly loss of $100,000 in the consolidated tax revenue of Tientsin, a recent investigation reveals.

Smuggling Deprives Amoy Customs of $50,000,000 Revenue During 16 Months

Amoy's loss of Customs revenue incurred from smuggling during the period January, 1934, to May, 1935, amounted to the huge total of $5,000,000, according to Customs authorities. Investigation reveals that the illicit trade in south Fukien is usually undertaken by smuggling vessels and by smuggling gangs.

There are many secret contraband-running organs which own steamboats and junks to carry on the illicit traffic. These vessels directly ship the smuggled goods from Formosa to Amoy, the principal kinds of which are sugar, gasoline, sea products, cement and matches.

General Feng Says Boycott Is the Only Effective Weapon

An absolute boycott by the Chinese people of smuggled goods as the only weapon of stopping the illicit trade in North China was urged by Gen. Feng Yu-hsiang, Vice-chairman of the Military Affairs Commission, July 22, speaking at the weekly Sun Yat-sen service at the Central Kuomintang Headquarters.

Tangku Customs Patrol Boat Captures Japanese Smuggling Boat

One of the most serious incidents that has occurred since the wave of smuggling in North China commenced in North China several months ago took place at Chikou off the Tientsin coast on the afternoon of June 20, when the Japanese vessel *Daiei Maru* was signalled by a Customs patrol boat to stop. The Japanese vessel, instead of complying, started to shoot, whereupon the Customs patrol boat immediately returned the fire. Mr. Sakada, the master of the ship, and Mr. Okamoto, boatswain, according to the Japanese account, were wounded by the machine-gun fire to which the ship was subjected by the customs cutter, while the ship's flag was punctured by bullets in 15 places. A statement issued by the Japanese Consulate-General at Tientsin said that the ship carried no goods that could be described as contraband, and pointed out that the vessel neither attempted to escape nor offered resistance. A thorough inspection of the ship, said the statement, revealed more than 200 bullet marks on her hull. The ship, the statement declared, was attacked outside of the Chinese territorial waters.

Japanese "Raid" Tangku Customs Office

As a result of the incident a group of Japanese officials and police "raided" the Tangku Customs office early on Sunday morning. The Japanese account said the Customs officers on duty at the Tangku office turned off the lights and "ran away" when Masahide Yamamoto, chief of the Japanese consular police and a gendarme proceeded to the Customs offices there to investigate the shooting.

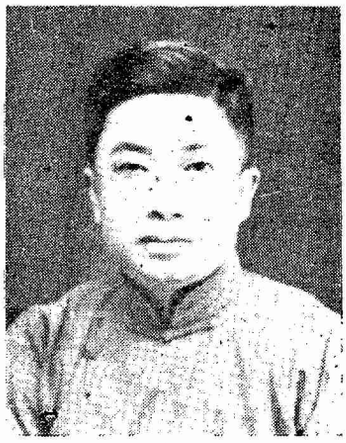
Shanghai District Chamber Calls on Merchants to Join Respective Associations

The Shanghai District Chamber of Commerce held its annual meeting June 20. Twenty-six resolutions were passed. Seven new executives of the Chamber out of 15 were elected by rotation and three of the seven supervisers were elected according to the same regulation. Of the 26 resolutions passed at the meeting there were no less than four calling for all merchants to become members of their respective associations; in one of them it was clearly stated that those who refuse to do so should be punished by the Government and the Chamber. Various methods of persuading merchants to do this were mentioned in other resolutions.

In his speech, Yu Tso-ting, chairman of the Chamber, referred to the plight of Chinese merchants during his tenure of office (from 1934 to 1936). He said that since the adoption of the silver nationalization policy, and although the mediums of exchange had been considerably increased, trade had been suffering a serious setback, which condition was aggravated by the political situation in North China where smuggling activities had narrowed the scope of activities of legitimate merchants. The smugglers, he said, had even threatened to extend their operations to the Yangtze valley.

Who's Who in China

Woo Fo-ching, agriculturist and educator; born at Changchow, Kiangsu, 1898; B.S., National Southeastern University, Nanking, 1924 (now National Central University); M.S., University of Illinois, U.S.A., 1927; has served successively as Assistant Entomologist, Japanese Beetle Laboratory, U.S. Department of Agriculture; Professor of Entomology, University of Nanking, Sun Yat-sen University, and National Central University; Chief Entomologist, Bureau of Entomology of Kiangsu Province, Nanking; Director, Bureau of Entomology of Chekiang Province, Hangchow; Head, Department of Agriculture, Provincial College of Education, Wusih, Kiangsu; Head, Department of Plant Pathology and Entomology, National Agricultural Research Bureau, Nanking; since 1936, Dean, College of Agriculture, University of Chekiang; among the important technical papers published are (1) *Biology and Control of Earias chromataria Walker*, Part I and Part II; (2) *Biology and Control of the Cutworm in Nantungchow*; (3) *Survey of the Distribution and Prevalence of Cotton Insects in China during the Year* 1934; (4) *A General Investigation of the Locust* (*Locustal migratoria* L.) *Outbreaks in China during the Year* 1933; (5) *A General Investigation of the Locust Outbreaks in China during the Year* 1934; (6) Cyclopedia of Chinese Agriculture, Part 4, *Insect Pests*; (7) *A Review of the Study and Control of Agricultural Insect Pests in China*; address: College of Agriculture, University of Chekiang, Hangchow, or National Agricultural Research Bureau, Nanking.



吳福楨字雨公
Woo Fo-ching (Wu Fu-tseng)

吳福楨字雨公，江蘇武進人，現年三十八歲，國立東南大學農學士，美國伊利諾大學科學碩士，康乃耳大學研究院研究員，曾任美國農部中央昆蟲局技師，國立中山大學中央大學及私立金陵大學教授，江蘇省昆蟲局主任技師，浙江省植物病蟲害防治所所長，江蘇省立教育學院農事教育系主任，實業部中央農業實驗所植物病蟲業系技正兼主任，及中央棉產改進所棉蟲股主任，現任國立浙江大學農學院院長，所著重要專門著作有(一)棉鈴金鋼鑽蟲研究，(二)地老虎之研究，(三)中國棉蟲之分佈及民國二十三年發生情形，(四)民國二十二年全國蝗患調查報告，(五)民國二十三年全國蝗患調查報告，(六)農業文庫害蟲篇，(七)中國農業害蟲之防治及研究情況等，通訊處：杭州浙江大學農學院，或南京中央農業實驗所。

Tung Yih Trust Company in Shanghai Closes Doors—To Be Liquidated

The Tung Yih Trust Company situated Peking Road, one of Shanghai leading financial houses in Shanghai closed its doors June 16 and announced that its business would be liquidated. Hsi Yu-shu, public accountant, and Li Tsu-yu, attorney-at-law, have been engaged to handle the liquidation, with offices at 505 Honan Road.

The suspension occurred following a mild run on the company during the previous week. The company found itself unable to meet the withdrawals which were becoming heavier with the approach of the Dragon Boat Festival.

The company, it is stated, has been seriously affected by the replacement of the old government bonds by the Consolidation Loan Bonds, as transactions in government bonds had been one of the main lines of its business. As a more remote cause, the company suffered heavy losses when Tung Cheng Spinning and Weaving Company in Changchow went bankrupt. Further losses were sustained from loans made to the Ministry of Finance under the Peking regime. The total of deposits held by the company, it was estimated, amounts to somewhere around $3,000,000.

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In re.	Cause No. 4075
Last Will & Testament of	Special Proceedings No. 1953
FRANCIS WILEY GILL	NOTICE
Deceased	Filed at Shanghai, China, June 10, 1936.
	William T. Collins, Clerk L. T. Kenake, Asst. Clerk

Pursuant to an Order of said Court notice is hereby given to all persons having claims against the estate of FRANCIS WILEY GILL, deceased, to present the same with vouchers to the undersigned on or before December 13, 1936, and all persons owing debts to said deceased are hereby notified to make payments of the same in due course to the undersigned.

M. P. WALKER
Executor
c/o American Church Mission
152 Minghong Road

Shanghai, China.
June 10, 1936.

Men and Events

Edward A. Rubin, well known attorney of San Diego, Cal., is visiting in Shanghai on a trip through the Orient. Mr. Rubin is living at the Park Hotel.

The Nanking Finance Ministry June 20 requested both the Tientsin Municipal Government and the Hunan Provincial Government to ban unauthorized lotteries.

Tatsuo Mikageike, secretary of the Bureau of the Kwantung Leased Territory, has been appointed by the Cabinet to succeed Toyotsugu Takeshita as Governor of the Territory.

Four hundred tins of opium, valued at $40,000, were seized by customs officials on board the *Toiyo Maru* at San Pedro, Calif., June 20. Two Chinese stewards were arrested.

A. T. Steele, formerly connected with the Shanghai office of the *Associated Press* of America, who went home a few weeks ago for medical treatment is returning shortly as Nanking correspondent for the *New York Times*.

The population of Shanghai (International French and Chinese areas combined) for the month of May totalled 3,757,170, according to statistics compiled by the Greater Shanghai Municipal Bureau of Public Safely.

Lo Tung, President of the Shanghai District Court, having been promoted to a position in the Ministry of Judicial Administsration, said post is being filled by Lu I-mei, transferred from the Soochow District Court.

James Mills, traveling correspondent for *The Associated Press*, who is now in Peiping, will shortly proceed to Tokyo where he will have charge of the A. P. Bureau during the absence of Glenn Babb, on a trip to New York.

L. A. Gastmann has been appointed Trade Commissioner for the Netherlands for South China and is now en route to China. M. G. W. Boissevain, Netherlands Consul-General in Shanghai, has been appointed concurrently as Trade Counsellor of the Dutch Legation in China.

Heavy increases are noted in the number of Japanese along the Peiping-Liaoning Railway. There are 674 at Chinwangtao, 916 at Tangshan, and 1,703 at Chongli and other points. Including Koreans living in the area, the total number of Japanese subjects is estimated at over 20,000.

Migration trends in China should be directed towards southern China instead of to the Northwest as generally advocated, declared Dr. J. Lossing Buck, Professor of Agricultural Economics at the University of Nanking in a broadcast speech at the Central Broadcasting Station Nanking, June 20.

The marriage took place at the British Consulate General in Shanghai June 18 of Eric Cawood Robinson to Miss Mozelle Ezra, widow of the late Edward Ezra (a former member of the Shanghai Municipal Council and for several years and up to the time of his death owner of *The China Press*.)

Dr. John B. Grant of the Rockefeller Foundation at Peiping proceeded to Japan this week to meet his daughter, Miss Betty Grant, who is coming from the United States to spend the summer in Peiping. Miss Grant spent the past year in school in the United States and expects to return there in the autumn.

The Chekiang Provincial Government Committee, at a meeting in Hangchow June 19, approved the regulations governing the organization by its Sericultural Control Committee of a commission for the sale of raw silk in Shanghai. It was decided to allot a sum of $4,000 as initial expenses for the new sales agency.

The Standard Oil Co. of California announced June 19 that its subsidiary company, the Netherlands Pacific Petroleum Co., had obtained an oil exploration concession of 1,482,000 acres on the east coast of central Sumatra, opposite Singapore and midway between the prolific Atjeh and Palembang Djamii oilfields.

At the general annual meeting of the Cosmopolian Club of Wuhan held last week at the Hankow Club, the following were elected officers for the coming year: President, T. J. Fisher; First Vice-President, Jick Wong; 2nd Vice-President, E. R. Hykes; Treasurer, G. W. Garrett; and Hon Secretary, H. B. Berntsen.

That negotiations be started with the American Government to secure a reduction of the American import duty on Chinese eggs in accordance with the principle of commercial reciprocity, is being urged by the Shanghai Egg Trade Guild in a petition to the Ministry of Industry for transmission to the Ministry of Foreign Affairs.

Chen Po-sheng, newly appointed *Central News Agency* correspondent in Japan, proceeded to Tokyo this week, accompanied by his assistant C. C. Liu. Mr. Chen will establish his office in Tokyo. Mr. Chen was for many years managing-director of the Peiping *Chen Pao* until the paper was taken over by the Hopei-Chahar Political Council two months ago.

The annual meeting of members of the North China Branch of the Royal Asiatic Society will be held in the Wu Lien Teh Hall, 20 Museum Road, Shanghai, on Tuesday, June 30 at 5.15 p.m., when the reports of the afficers and statement of accounts will be given, and officers and members of the council for the ensuing year be elected. A. de C. Sowerby will preside.

Mrs. Sara Lockwood Williams, (widow of the late Dr. Walter Williams, dean of the School of Journalism of the University of Missouri and in later years President of the University) who for the past six months has been serving as Missouri exchange professor on the faculty of Yenching University, will sail from Shanghai June 28 on a brief trip to her home in Colombia, Mo.

Filipino fears of complications with Japan over the Davao land lease issue are reported in Japanese telegrams to have been lessened as a result of President Quezon's address before the first regular session of the Philippine Congress June 16. The President pointed out that out of 2,000,000 hectares of arable land in Davao, the Japanese had only about 60,000 hectares unders lease.

Instructions that all government bureaus patronize native construction materials in future building projects were issued last week by the Executive Yuan. Said orders were issued on the basis of a proposal drawn up by Yeh Kung-cho, formerly Minister of Communications and now president of the China Architectural Exhibition for the promotion of architectural enterprises in this Country.

H. O. Thompson of the Washington Bureau of the *United Press* has been sent to Tokyo where he will assist Raymond, G. Marshall, manager of the Tokyo Bureau. Richard C. Wilson who has been stationed in Honolulu has been transferred to Manila while Don King, formerly connected with the Shanghai office of the organization has been transferred to San Francisco where he will serve as night editor.

The Star Motion Picture Company, Shanghai, China's premier film producers, are not going to get a $160,000 loan from the Nanking branch of the Bank of Communications, according to a responsible official of the Bank, in refutation of optimistic reports in Chinese papers to the opposite effect. "We make investments in industrial enterprises," the official stated, "but we cannot let ourselves be financially interested in motion picture business."

Robert J. Cromie, Jr., has been appointed vice-president and secretary-treasurer of the *Vancouver* (B. C.) *Sun*, while P. J. Salter, former comptroller has been appointed President and General Manager of the newspaper. Robert J. Cromie, publisher of the *Sun* well known in the Far East due to frequent trips and articles dealing with Asiatic problems, died on May 11, shortly following his return to Vancouver from a trip to Australia and China.

Lu Ming, former national Shot Put champion, was sentenced by the District Court in Peiping June 18 to a jail term of six years, following his being found guilty of complicity in the case which occurred March 7, 1935, when his wife, the former Miss Teng Shuang, was murdered by Miss Liu Ching-kwei, Lu's ex-fiancee. Late last year Miss Liu was given life imprisonment, and she appealed to the Supreme Court in Nanking for re-trial, which however has not yet taken place.

Preposterous ransom demands have been made by the captors of Father Joseph Burns, American Roman Catholic missionary seized by bandits near Tunghua, east of Mukden, Feb. 5. According to a letter, written in Chinese and signed by Father Burns, brought in by a messenger last week to Mukden the bandits want, among other things, $5,000,000 and a supply of artillery. Father Burns is at present held captive in an almost impregnable fortress on a mountain peak in south-eastern Manchuria.

Speaking at the Shanghai Rotary Club June 18, Dr. Wu Lien-teh, Director of the National Quarantine Service, expressed himself strongly in favor of cremation as a means of disposing of the dead. He stated that the present system of burial in China is not only unsanitary, but constitutes a great economic loss, due to the fact that almost one-tenth of the arable area of the country is taken up with graves. The speaker stated that plans for establishing a municipal crematory in Shanghai—the first of its kind in China—are now being perfected by a special committee appointed by Mayor Wu Te-chen.

Frank Rawlinson, son of Dr. Frank J. Rawlinson, editor of *The Chinese Recorder* at Shanghai, was beaten by a gang of rowdies at Earle, Arkansas, last week, where he spent three days studying the conditions attending the strike of cottonchoppers belonging to the Farm Tenants Union. Mr. Rawlinson, who was born in Shanghai, was waylaid by four men at the side of a road. After searching him and finding a letter from his father commending his desire to study labor conditions, the men flogged him with a heavy strap. This occurred just as he had been ordered to leave the town.

The Central Cholera Bureau of Shanghai at the head of which is Dr. Wu Lien-teh, has issued a pamphlet supporting a plea for the continued cooperation of the medical profession in the prevention and treatment of cholera. Although the various isolation and summer diseases hospitals in the three municipal areas (with total accommodation of over 1,000 beds) cater to everyone who applies for treatment, the facilities available are perhaps not generally known. Medical practitioners are likely to come across many patients suffering from gastro-intestinal affections with choleraic symptoms during the summer, and it is among these that early atypical cases of cholera may be detected. Shanghai practitioners are therefore urged to assist the public health departments in every way possible.

Thirty criminal cases were heard by the Japanese Police Court in Shanghai since June 1. The local Japanese prison has at present more than 40 inmates.

Silver to the value of $1,007,000 was imported by United States during the week end June 12, compared with $716,000 during the previous week.

A reward of $2,000 has been offered by the Honan provincial government for the apprehension of the assassin of the late Prof. Dillenz of the Honan University who was murdered on May 31 last.

The American Consulate-General at Shanghai is enquiring concerning the whereabouts of Shen si-jui who attended Dartmouth College, getting his Master's degree in commercial science in 1929.

The Shanghai Municipal Council at a meeting June 24 approved the draft agreement providing for factory inspection in the International Settlement, thus bringing to an end a five-year controversy.

A shop which had been secretly passing off and selling another brand of oil in imitation of the Standard-Vacuum Oil Company's brands at a price one-fourth cheaper, was raided by police at Kingtechen, procelain center in northern Kiangsi, June 22.

Manabu Arino, Second Secretary-Interpreter of the Japanese Embassy, stationed in Shanghai, will succeed Koichi Nishida as consul-general in Tsinan. The latter returned here a few days ago after serving eight years in the Shantung city post. He has asked to be retired.

Tang Leang-li, who has been travelling in Europe for the last three months investigating the methods employed by various Governments for disseminating authentic information abroad relating to national affairs, has almost concluded his labors and will start on his return to China next month.

The University of Heidelberg on June 30 will confer the honorary degree of Doctor of Political Science upon Wang Ching-wei, Chairman of the Central Political Committee and formerly President of the Executive Yuan. Mr. Wang has been under medical treatment in Germany for some months, following the attempt made upon his life last November in Nanking.

Dr. W. W. Yen, Chinese Ambassador to Moscow, who arrived in Shanghai June 11 from Moscow, formally expressed his intention of resigning. Dr. C.T. Wang, former Foreign Minister, and now member of the Central Executive Committee of the Kuomintang, has been tentatively chosen to succeed Dr. Yen, according to the Tokyo *Nichi Nichi*.

How the American Community in Shanghai Will Celebrate Fourth of July

Independence Day (July 4) will be celebrated this year by the American Community in Shanghai, as it has been for many years past with a fervor equalling that observed in the United States itself. A reception will be given by Clarence E. Gauss, U. S. Consul General in the Development Building, to which the Consulate General was removed about half a year ago, from 11.30 to 12.30 noon. Military exercises will held at the Recreation Grounds at 8.30 a.m. The American Club will hold "open house" as usual. At the Columbia Country Club there will be display of fireworks at 9 p.m., to be followed by dancing and a buffet supper.

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Shanghai, June 24, 1936

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CUSTOMS NOTIFICATION NO. 1520

The public is hereby notified that in accordance with Government instructions the entry into China of "Asia", a monthly periodical published in America, is henceforth prohibited.

H. O. TONG,
Superintendent of Customs.

PAUL BARENTZEN,
Commissioner of Customs.

CUSTOM HOUSE,
Shanghai, 20th June, 1936.

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Chiang Kai-shek Arrives in Changsha by Plane

BY THE REVIEWS'S HANKOW CORRESPONDENT

GENERAL Chiang Kai-shek flew to Changsha, capital of Hunan province, arriving last Friday morning, June 19, according to a very well-informed foreigner who had left Changsha for Hankow the evening of the same day. What his business could be is not difficult to conceive, with the impetuous Kwangsi troops rarin' to go somewhere, and the ambitious General Pai Chung-hsi still dreaming dreams of conquest. The Generalissimo is no doubt playing his game of chess with the highest skill. Not wishing to weaken his position by an uncalled-for sacrifice of men and ammunition, he is biding his time, and when it does come he hopes to be prepared to strike and to strike quickly and hard.

Now or Never, Seems to Be Generalissimo's Idea

The challenge to his authority by the Southwest has been taken up instantaneously. The rapid transportation of troops into Hunan during the past fortnight has been more than the people in Hunan had ever anticipated. The Generalissimo has a very sensitive instrument for detecting revolutionary and rebellious motives of not too friendly fellow countrymen. Better than any barometer he gauges the high and low pressure spots on his political and military maps. Over 100,000 troops are ready to meet the "anti-Japanese" troops if they insist on marching northward toward Changsha.

Presence of Chiang Kai-shek to Steady General Ho Chien

That there should not be any slip-up on the loyalty of General Ho Chien to the central authorities, the Generalissimo no doubt thought it best to pay the man in the strategic key position a personal visit and talk things over with the government leaders. In the event of negotiations with the Southwest breaking off, there is the necessary modus vivendi to discuss and plan.

Nanking Seeking to Drive an Entering Wedge Between Kwangtung and Kwangsi

Realizing that their political aims and ideals are not identical the clever politicians at Nanking have been busy of late seeking to divorce Kwangtung from Kwangsi. How well their theory will work out in practice is hard to say. But they are driving hard and the financial agreement said to have been consummated between Canton and Nanking is a straw in the wind. No doubt the sorry mess of Kwangtung finances could be appreciably improved upon if Canton should be in the mood to play second fiddle to Nanking and "cleave only unto" Chiang Kai-shek and his centralizing motif. It is quite evident that the Chinese national symphony orchestra would be able to furnish closer harmony if only one conductor at a time wielded the baton.

British Sympathy Is All on the Side of Nanking

Britishers in Hankow seem to be of the opinion that the best horse to back in the present race is Nanking. Americans too are convinced that nothing constructive can come from changing horses in the middle of the stream.

Changsha Reported Quiet and Confident

Foreign residents of Changsha leaving there Sunday evening June 21 reported that everything was quiet and the attitude of the thinking people one of implicit confidence in the government troops to handle any situation that might arise. There does not seem to be much truth in the statement that the Hunan provincial government was preparing to remove the provincial capital from Changsha to Changteh in western Hunan. With the die cast on the side of Nanking, the Hunanese seem to be falling in line with the wishes of the government.

Troops from Shensi Arriving in Hunan

Although passenger traffic has been resumed between Changsha and Hengchow and between Changsha and Hankow, still tens of trainloads of troops are moving southward from Wuhan to the Southern front. The railway connections are in good order, so that service between Hengchow and Hankow has been established, changing of trains at Changsha at present being necessary.

Dikes in Hankow Nearing Completion, Says Mayor Wu

Dikes along the bund are nearing completion and it is hoped that the waters will not be able to invade the new imposing concrete embankments. There are certain sections that will not be raised to the 56 foot level, Mayor K. C. Wu informed *The Review's* correspondent. However, the sections so left are along the Han river and are comparatively high ground, so in case at high water, sand bags and cement will serve the purpose as in 1935. A five year plan has been evolved whereby a joint bunding and diking project will be undertaken by the city of Hankow with the object in mind of building a motor highway on the dike along the banks of the Han river. At present this part is entirely covered with old rickety Chinese huts. The intention is to remove the families to new lands outside the present city limits, or to the outskirts of the city.

Hankow, June 22, 1936.

Commencement Exercises Held at Shanghai Educational Institutions

The 24th annual commencement exercises of the University of Shanghai took place June 20 when 111 graduates received the degrees of Bachelor of Arts and Bachelor of Science. The principal address was made by Dr. H. H. Kung, Minister of Finance, who in the course of his remarks stated that "the greatest weakness of our modern colleges is that they prepare students for a bachelor's degree instead of grounding youth in scholarly methods of work and intensive training for a profession. Too often, said Dr. Kung, a college graduate has spread himself so thin in his interest and training that he becomes a jack-of-all-trades and a master of none.

The 27th annual commencement exercises of Fuh Tan University were celebrated June 20. Prominent among those present were Dr. R. Y. Lo, member of the Legislative Yuan; Hung Kwei, representing Mayor Wu Te-chen; Julean Arnold, American Commercial Attache; Kuo Yun-kuan, Judge of the First District Special Court; Mr. and Mrs. Hsiung Hsi-ling, premier of a former Peking regime; Eugene Y. B. Kiang; and Hsi Yu-hsu. Dr. T. H. Lee, President of the university, announced that a total of 185 students, of whom 21 were girls, had fulfilled their requirements and were awarded degrees. These students were distributed as follows: School of Arts 26, School of Science 37, School of Law 59, School of Commerce 63. There were also 46 other students who had failed to acquire the required number of credits to qualify for their degrees.

Degrees were conferred on 130 college graduates and certificated were awarded to 83 graduates of the Middle School at the 57th annual commencement exercises of St. John's University, Jessfield Road, June 20. Dr. Y. T. Tsur, Vice-Minister of Industry, who delivered the commencement address, stressed the changing conditions of modern times and the duties and problems which await the university graduates.

Dr. F. L. Hawks Pott in the course of a short address said that "from no Christian college in China has a larger number of students gone abroad for postgraduate study than from St. John's. This year 29 students plan to continue their studies in the United States and in Europe. The young men who have studied abroad are playing an important part in the development of the new China and St. John's may justly be proud of the fact that a large percentage of them were at one time students of this university."

Commencement exercises were held at the National Chekiang University June 19 when 162 graduates from the three Colleges of Arts and Science, Engineering, and Agriculture were awarded diplomas. 237 students, who have completed the special course in Advanced Engineering, Agriculture or Commerce, also received certificates. Chu Ko-chen, Dean of the University, presided and delivered the main address of the Ministry of Education. A report on his recent inspection trip to the North-west was also made by Prof. Chuang Ti-hsien. At his suggestion, it is understood that many of this year's graduates will proceed to the North-west to aid in the development of the frontier regions.

Many College Graduates Unable to Secure Jobs

The cry of Chinese college graduates for jobs has drawn the sympathetic response of General Chiang Kai-shek, who has decided to instruct all government bureaus to take in competent university trained men.

An average of thirteen out of every 100 Chinese college graduates who left school in 1933 and 1934 are now jobless, according to returns collected from more than 80 colleges and universities in the country.

CUSTOMS NOTIFICATION NO. 1523.

The public is hereby notified that, in accordance with Government instructions, the collection of the 5% revenue surtax at present in force will be continued until the 30th June, 1937.

H. O. TONG,
Superintendent of Customs,

PAUL BARENTZEN,
Commissioner of Customs.

CUSTOM HOUSE,
Shanghai, 24th June, 1936.

New Books of Interest in the Far East

Speeches at the Anglo-Soviet Congress

Britain and the Soviet: The Congress of Peace and Friendship with the U.S.S.R. London, Martin Lawrence, 1936. vii, 197 pages. 6s.

The best criticism of this book, or rather of the speeches given at the Congress of Peace and Friendship with the Soviet Union held in London last December, might well be lifted bodily from the remarks of one of the delegates, Mr. Brady of the National Peace Council:

> "I think that it a conference of this kind were restricted to the discussion of a limited number of specific problems it might be better . . . . I was very interested to notice that there is a tendency for these discussions to be rather too descriptive. We are trying to make use here of things we see in other countries. There was a great deal of unnecessary enthusiasm about production as an end in itself . . . . A conference of this kind should not be merely a pleasant social occasion. We should avoid the atmosphere of a mutual admiration society, which is very nice, but not very constructive."

This collection of speeches given during the two-day session of the Congress is important as an expression of British opinion toward Russia. From the list of speakers and the membership of the 773 delegates it is quite evident that the congress was non-sectarian and non-party, though hardly non-partisan. There is evidenced throughout the program not only a sympathetic but an approving attitude toward the entire Russian situation. Such speakers as Sidney Webb, Lord Marley, and Bernard Shaw assure the sympathetic approach. One need not look for cool weighing of facts.

Many people believe that European peace depends upon a close cooperation between Britain and Russia. To bring these two nations more closely together in the cause of peace was the aim of this congress, which followed upon a similar congress in Paris. The initial impetus for the congress came from Mrs. Josephine Smith, an active member of the Association of Women Clerks and Secretaries, Cecil Chesterton and Viscount Hastings. The proceedings of the two days' meetings, December 7 and 8, are presented in this volume in the form of a verbatim report.

With eighteen speakers, not to mention introductions, resolutions and open discussion, it is evident that no single topic could be treated in an exhaustive manner. However, what the short address loses in delicate shading, it makes up by the emphasis upon salient points. This is true of these brief resumes which take up such subjects as the peace policy of the Soviet Union, education and science, Soviet drama and literature, art, the cinema. With few exceptions the speakers were British. Sidney Webb, on How Planning Works in the U.S.S.R., speaks of the abolition of profit-making as the most important factor in the difference between the old Russia and the new. Professor P.M.S. Blackett, professor of physics at Birkbeck College, London, speaking on Soviet Science is forced to the admission "It is a mistake to think that science necessarily slows down in time of capitalist crisis." However he declares that the advantages on the side of Soviet science are limited resources, the advantages of doing things on a big scale, the planning of the relation between industry and science, an enthusiasm and a belief that science is going to raise the standard of living for everybody. "One of the difficulties for Soviet science is the lack of trained men. Science is rather more difficult to force than industrial technique."

Bernard Shaw was one speaker who by his amusing remarks elicited loud applause but he was not the only such person. Winston Churchill provided more material for hilarious applause. In his talk on the peace policy of the U.S.S.R., F. Seymour Cocks, M. P. said, "As Winston Churchill says, 'The people of Soviet Russia wish to be left alone,' and although he has arrived at this conclusion somewhat late in life, I am sure there is more joy in the Kremlin at the repentance of that mighty sinner than at all the consistent utterances of virtuous persons like myself."

One of the most interesting speeches was that given by Professor Otto J. Schmidt, leader of the Chelyuskin Arctic Expedition. In speaking on polar exploration in the U.S.S.R. he gives the thrilling story of the work now being done by scientists and explorers, with details of the Chelyuskin expedition of 1933-34, when the marooned party of a hundred and four men and women were rescued from the ice floes by airplane.

Considered as the report of a congress this book must be commended for its effective and persuasive presentation of the material. There is scarcely a dull page. However it can scarcely be considered an unbiased report of the subjects treated, for controversial matters have been given only from an optimistic point of view.

F. M. R.

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CUSTOMS NOTIFICATION NO. 1521.

The public is hereby notified that in accordance with instructions received from the Government a set of Provisional Regulations governing the Inspection of Imported Goods when Moved for Sale within China and of rules governing the registration of, and the application for licences by, merchants who sell wholesale those imported goods which are subject to inspection, factories which purchase such goods for manufacturing purposes, and companies employed in transporting them will be enforced forthwith. A translation of the regulations and rules and a list of goods liable to inspection under the new procedure are appended.

H. O. TONG,
Superintendent of Customs.

PAUL BARENTZEN,
Commissioner of Customs.

CUSTOM HOUSE,
Shanghai, 22nd June, 1936.

Provisional Regulations Governing the Inspection of Imported Goods When Moved for Sale Within China.

Article 1: In order to prevent smuggling and to protect legitimate trade, the Ts'ai-chêng Pu will subject imported goods, when moved for sale within the country, to such inspection as is provided for in these regulations, except when provision already exists in other rules or orders governing the control of movements of such goods. The kind of imported goods which are to be subject to the above inspection will be specified by the Ts'ai-chêng Pu from time to time.

Article 2: All merchants who transport imported goods liable to inspection from the port of importation to other places for sale, either by inland waters steamers, junks or motor vehicles, etc., must produce to the Customs the relative documentary proof of duty payment and apply for a conveyance certificate (運銷執照) after which shipment may be effected.

Article 3: All merchants who transport imported goods liable to inspection by train to other places for sale must produce to the Customs the relative documentary proof of duty payment and apply for a conveyance certificate, in addition to a Customs Import Duty Proof, after which transportation may be effected.

Article 4: On arrival of the goods at their destination, the covering conveyance certificate shall be surrendered by the merchant concerned to the local Guild of the same trade (or, in places where there is no Guild, to the local Chamber of Commerce).

Article 5: The local Guild or Chamber of Commerce shall keep a register, and, on receipt of the above conveyance certificate, shall enter therein, for purposes of record, the description and quantity of the article, the place of origin, date of arrival, number of the conveyance certificate, date of shipment, and the name and address of the shipper.

Article 6: When goods which have been registered by the Guild or Chamber of Commerce are reshipped to other places for sale, the merchant concerned must report the matter to the Guild or Chamber of Commerce in question, who, after verifying that the description and quantity of the goods are in agreement with the original record, will make a note in the register and issue a sub-conveyance certificate (分銷執照), after which transportation may be effected.

Article 7: The period of validity of a conveyance certificate or a sub-conveyance certificate shall be fixed by the Customs, or by the Guild or Chamber of Commerce by whom they are issued, according to the distance the goods in question are to be transported. Conveyance certificates, after use, are to be retained by the Guild or Chamber of Commerce and returned once a month to the Customs Office which issued them, while sub-conveyance certificates are to be forwarded by the merchant to whom they were issued, within three days from the date of expiry, to the Guild or Chamber of Commerce which issued them, for cancellation.

Article 8: Imported goods which should be covered by a conveyance or a sub-conveyance certificate, when moved (within the country), may be examined by the military and police authorities passed *en route*, who are to detain them if uncovered by the required conveyance or sub-conveyance certificate, duly notifying the nearest Customs establishment, so that the latter can dispose of the goods according to regulations.

Article 9: The form for the conveyance and sub-conveyance certificate mentioned in these regulations shall be drawn up and issued by the Ts'ai-chêng Pu.

Article 10: Merchants who sell the specified imported goods wholesale, factories purchasing such goods for manufacturing purposes, and companies employed in transporting such goods, must register with, and obtain a licence from, an organisation nominated by the Ts'ai-chêng Pu. The procedure for obtaining such licences shall be drawn up and announced separately.

Article 11: The merchants, factories and transporting companies mentioned in the proceeding article must each keep a register recording details of the place of origin, sale, storage and transportation of the goods specified in these regulations.

Article 12: Registers kept by the local Guilds, Chambers of Commerce, merchants, factories and transporting companies mentioned in these regulations shall be inspected from time to time by officers of the Customs or of the organisation nominated by the Ts'ai-chêng Pu.

Article 13: Merchants who infringe Articles 4 or 6 of these regulations shall be fined a sum not exceeding 2/10ths of the value of the goods transported, according to the gravity of the offence.

Article 14: Merchants who infringe Article 10 of these regulations shall be fined a sum not less than $200.00 and not exceeding $5,000.00, according to the gravity of the offence.

Article 15: Merchants who fail to keep a register as called for in Article 11 of these regulations, or who make false entries therein, shall be fined a sum not less than $100.00 and not exceeding $3,000.00 according to gravity of the offence.

Article 16: In cases where inland waters steamers, junks, motor vehicles, or trains transport goods not covered by the requisite certificate, penalties shall be inflicted as follows:

(1) If a commercial concern is involved, its licence shall be cancelled and it shall be forbidden to trade.

(2) If an official enterprise is involved, the responsible officer at the place of shipment shall be discharged and punished.

Article 17: When seizures of smuggled goods are made on information supplied by local Guilds or Chambers of Commerce, rewards amounting to 4/10ths of the proceeds realised by confiscation, or the fine imposed, shall be issued to them in accordance with Customs regulations. When local Guilds or Chambers of Commerce detect merchants infringing Articles 4, 6, 10 or 11 of these regulations, and report the matter to the Customs or the inspecting organ nominated by the Ts'ai-

chêng Pu, they shall be issued the whole of the fine inflicted in accordance with the above articles.

Article 18: When goods which have not paid Customs duty are seized in accordance with these regulations they shall be disposed of in accordance with the Preventive Law.

Article 19: The penalties laid down in these regulations shall be enforced by the Customs or by the inspecting organ nominated by the Ts'ai-chêng Pu.

Article 20: These regulations shall be put into force from the date of their promulgation.

Procedure governing the registration of, and the application for licences by, merchants who sell wholesale those imported goods which are subject to inspection, factories which purchase such goods for manufacturing purposes, and companies employed in transporting such goods.

1. This procedure is drawn up in accordance with the provisions of Article 10 of the Provisional Regulations Governing the Inspection of Imported Goods When Moved for Sale Within China.

2. Merchants who sell wholesale those imported goods which are subject to inspection, factories which purchase such goods for manufacturing purposes, and companies employed in transporting such goods, must make out an Application for the Issue of a Licence (領照申請書) and present it, within 20 days from the date on which this procedure is locally promulgated, to the organisation nominated by the Ts'ai-chêng Pu, in order to register and obtain a licence.

3. Merchants and transporting companies, when making out their Applications for the Issue of a Licence, must also obtain a letter of testimony from the local Guild, of the same trade, or, in places where there is no such Guild, from the local Chamber of Commerce.

Factories, when making out their Applications for the Issue of a Licence, must also obtain a letter of testimony from the local Federation of Factories, or, in places where there is no such Federation, from the local Chamber of Commerce.

4. Licences will be drawn up, numbered and sealed by the Ts'ai-chêng Pu, who will forward them to the Customs for use and will also distribute them through the various provincial financial bureaux for use by Magistrates.

Merchants, factories and transporting companies located at open ports are to obtain their licences from the Customs, while those in other districts are to obtain them from Magistrates direct, or through a legal body.

5. The fee for a licence shall be $1.00 national currency, and new licences are to be obtained every 12 months.

6. Applications for the Issue of a Licence, and letters of testimony issued by legal bodies, must be prepared according to the prescribed form.

7. Applications for the renewal of licences must be submitted through the legal body by whom the original letter of testimony was issued, accompanied by a statement giving particulars concerning the description, number and date of the old licence.

8. Merchants, factories and transporting companies who modify or change their names must take out new licences.

9. These who apply for renewal of licences, or who cease business, must surrender their old licences for cancellation.

應請領運銷執照之洋貨一覽表

List of Foreign Goods for which Conveyance Certificates are required

人造絲	Artificial silk yarn
酒精	Alcohol
含有酒精之酒類及飲料	Alcoholic liquors and beverages, i.e.,
畏士忌酒	Whisky
白蘭地酒	Brandy
香檳酒	Champagne
杜松燒酒	Gin
日本清酒	Sake
各種甜酒	All liqueurs
安尼林染料	Aniline dyes
乾電池	Batteries, dry
橡皮製靴	Boots, rubber
罐裝食品	Canned foodstuffs
紙煙紙	Cigarette paper
江瑤柱(干貝)	Compoy
脂粉及香水	Cosmetics and Perfumery
電氣材料	Electrical materials
針	Needles
煤油	Oil, kerosene
柴油	Oil, fuel
各種疋頭	Piece Goods of all kinds
橡皮輪胎	Rubber tyres
橡皮製鞋	Shoes, rubber
各種乾海產品	Sea products dried of all descriptions
燒碱	Soda, caustic
糖品	Sugar

CUSTOMS NOTIFICATION NO. 1522.

The public is hereby notified that on the 4th June, 1936, the Government promulgated a Revised Provisional Code Governing Punishments for Evasions of Customs Duty, to be effective for one year from the date of promulgation.

A translation of the Code is appended hereto, together with a list of the goods offences in connexion with which are subject to the Code under Article 9. The list is subject to amendment at any time.

H. O. TONG,
Superintendent of Customs.
PAUL BARENTZEN,
Commissioner of Customs.

CUSTOM HOUSE
Shanghai, 23rd June, 1936.

APPENDIX

REVISED PROVISIONAL CODE GOVERNING PUNISHMENTS FOR EVASIONS OF CUSTOMS DUTY.

1. Those who evade Customs duty shall be sentenced to penal servitude for a period of not less than 3 years and not exceeding 7 years.

The punishment for evasions of Customs duty amounting to $1,000.00 or more shall be penal servitude for a period not less than 7 years and not exceeding 10 years; for evasions of $5,000.00 or more, penal servitude for 10 years or more; and, for evasions of $10,000.00 or more, death or penal servitude for life.

2. A penalty of penal servitude for life shall be inflicted on those who, for the purpose of evading Customs duty, have committed any one of the following acts:—

(1) Resisting arrest by force of arms, thereby inflicting wounds which are not of a grievous nature.
(2) Openly assisting a crowd to resist arrest by force of arms.
(3) Openly assisting a crowd to intimidate preventive officers or police.

3. The penalty of death shall be inflicted on those who, for the purpose of evading Customs duty, have committed any one of the following acts:—

(1) Resisting arrest by force of arms, thereby causing death or inflicting mortal or grievous wounds.
(2) Openly leading and inciting a crowd to resist arrest by force of arms.
(3) Openly leading and inciting a crowd to intimidate preventive officers or police.
(4) Conspiring with foreigners or rebels.
(5) Organising secret bodies.

4. Those who transport, sell or conceal goods which they know to have evaded Customs duty shall be sentenced to penal servitude for a period of not less than 3 years and not exceeding 7 years.

5. Customs officers responsible for the examination of goods or for the levy of duty thereon, or employees

or officials of railways, public highways, ships or aeroplanes, who release, transport, sell or conceal goods which they know to have evaded Customs duty, shall receive sentence as follows:—

(1) Penal servitude for a period of not less than 5 years and not exceeding 10 years in cases where Customs duty amounting to less than $1,000.00 has been evaded.
(2) Penal servitude for 10 years or more in cases where Customs duty amounting to $1,000.00 or more has been evaded.
(3) The penalty of death or penal servitude for life in cases where Customs duty amounting to $5,000.00 or more has been evaded.

The penalty of death or penal servitude for life in cases where release or transportation has been permitted upon receipt of bribes or other illegal profits.

Penal servitude for a period not exceeding 5 years, or a fine not exceeding $3,000.00 in cases where release or transportation has been permitted owing to carelessness.

6. Employees or officials of railways, public highways, ships or aeroplanes who detect goods which have evaded Customs duty, and who fail to notify either the Customs officers responsible for the examination of goods or for the levy of duty thereon or the military or police authorities, shall be sentenced to penal servitude for a period of not less than 3 years and not exceeding 7 years.

Those who are compelled by *force majeure* to afford transportation, and who are able to notify (the proper authorities) but fail to do so, shall receive similar punishment.

7. Unsuccessful attempts to infringe Articles 1 to 4, and sections 1 and 2 of Article 5 of this Code, shall be punished as actual infringements.

8. Evasions of Customs duty which are not covered by this Code shall be dealt with in accordance with the Criminal Code, the Customs Preventive Law and other laws regarding evasions of Customs duty.

9. The expression "goods which have evaded Customs duty" as used in this Code refers to those imported articles which have been specified by the Ts'ai-cheng Pu as subject to inspection and which should be covered by Customs Import Duty Proofs and Conveyance Certificates but are not so covered.

10. Those who infringe this Code in districts under martial law shall be tried by the highest military tribunal in the district concerned. Offenders in other districts shall be tried by the local District Court or by the authority exercising judicial powers.

11. This Code shall be effective for a provisional period of one year.

12. This Code shall be enforced from the date of its promulgation.

應呈驗海關完稅憑證之路運洋貨一覽表

List of Foreign Goods for which Customs Import Duty Proofs are required when transported by Rail

人造絲	Artificial silk yarn
酒精	Alcohol
含有酒精之酒類及飲料	Alcoholic liquors and beverages, *i.e.*,
畏士忌酒	Whisky
白蘭地酒	Brandy
香檳酒	Champagne
杜松燒酒	Gin
日本清酒	Sake
各種甜酒	All liquers
安尼林染料	Aniline dyes
乾電池	Batteries, dry
橡皮製靴	Boots, rubber
罐裝食品	Canned foodstuffs
紙煙紙	Cigarette paper
江瑤柱(干貝)	Compoy
脂粉及香水	Cosmetics and Perfumery
電氣材料	Electrical materials
針	Needles
煤油	Oil, kerosene
柴油	Oil, fuel
各種正頭	Piece goods of all kinds
橡皮輪胎	Rubber tyres
橡皮製鞋	Shoes, rubber
各種乾海產品	Sea products dried of all descriptions
燒碱	Soda, caustic
糖品	Sugar

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On the Student Front in Peiping

BY A PEIPING CORRESPONDENT*

The crisis precipitated by the anti-Japanese and anti-Nanking declarations of the Southwest has given the student movement in Peiping a tremendous stimulus, and seems also to have stiffened the attitude of the local authorities under Japanese pressure. On June 17 four thousand students inside the wall and six hundred locked outside the citygates in an intensely emotional demonstration demanded that active resistance against Japan begin immediately on all fronts now that the Southwest has mobilized in this direction. The definitely conciliatory attitude of the police and gendarmes was the most interesting phase of day. Another interesting fact was that there were no anti-civil war slogans—the first time this favorite slogan has been dropped since the student movement began in December. I asked a student leader to explian this matter He said:

"We do not want Chiang Kai-shek to utilize this slogan against the Southwest, while he continues the civil war himself against the Reds. We want to mobilize a nation-wide united front against Japan, and if civil war will force the issue it is a lesser evil than the policy of capitulation which is selling-out our territory week by week. We do not know whether the Southwest militarists are sincere in their anti-Japanese campaign or not, but we intend to do everything to force them to take responsibility for their words and to force Nanking to join in the campaign if possible. We do know, however, that the young officers and soldiers are sincere in the new "Northern Expedition," and that if the mass movement once gets out of hand no scheming militarist will be able to manipulate it. We believe that no reactionary movement can succeed in China in this crisis, and that a real nationalist-revolutionary movement against Imperialism is possible. We hope that Generals Pai Tsung-hsi and Li Tseng-jen, who were commanders in the Northern Expedition in 1926, will not forget that it was the student propaganda-corps which paved the way for victory. Tens of thousands of students are prepared to carry on this work if we are given freedom to do so, but we will never again be the instruments of betraying the Chinese people."

Although the police did their duty in a perfunctory manner, they obviously did not use the full measures which the Emergency Laws, in effect since February 20, demands. A Yenching student related the events of the morning to me as follows:

"The police-spies were well-informed this time and the demonstration was pretty well split-up, though the police were not nearly so cruel as formerly. Students from the east and west cities were to have met at Hsi Tan Pailou at ten o'clock, but long before that time most of the groups had been dispersed once or twice and their banners taken away or torn up. Schools were surrounded by guards at two o'clock in the morning, and many did not succeed in rushing the gates at all. One hundred Yenching and Tsinghua students smuggled into the city the night before and at seven o'clock we met about one hundred Tungpei (Northeastern) students, who had many of the campus-servants in their ranks, also, and began a march to Pei Kou Yen. The people on the streets were unusually interested and ran up and asked for propaganda sheets. On the way we were joined by students from the Pingta Engineering College, the Peiping Girls Normal School and the Wu San, Ping Min and Hung Ta Middle Schools. We struggled with police and helped the imprisoned students inside to rush the gates as we went past. A few citizens on the streets joined us, also. About 2,000 strong, led by the Tsinghua contingent (Tsinghua is usually in the lead, though their little heroine, Miss Liu Tsui was noticeably absent, having been forced to leave the city to escape arrest), we reached Hsi Tan Pailou at nine o'clock where many armed police were waiting for us. They shot four empty blanks and charged us with clubs, belts and bamboo whips, so we were forced to disperse into small groups. Our bicycle communication corps then ordered us to concentrate again at T'ai P'ing Tsang, but a motorcycle squad was prepared for us there, so we all finally converged together at the Drum Tower for a big mass meeting. About ten schools were waiting when we arrived, including Chaoyang, Fu Jen, Shihta, Pingta and Hui Wen. Small groups joined until we were about four thousand strong. We were very encouraged as we didn't except more than two thousand to dare to come out. We made new banners and exchanged news. At the mass meeting these resolutions were adopted:

1. To telegraph the Central Government asking that armed force be used to control the smuggling in North China.

2. To send circular letters demanding that the Central Government respond (echo) to the anti-Japanese program of the Southwest and give it support and pledging the support of the Peiping students to the anti-Japanese united front.

3. To send greetings to the All-China Students' National Liberation Union now organized in Shanghai.

4. To organize the North China People's National Liberation Front.

5. To tell the story of the mysterious corpses appearing in the Hai Ho River near Tientsin and demand that the authorities solve this mystery. (The students have been agitating strongly in connection with these 348 bodies, hoping to win the laboring class to the anti-Japanese front, as these are said to have been workmen employed by the Japanese on semi-secret military constructions and done away with afterward.

6. To telegraph the Central Government to dispatch all available armed forces to fight against the Japanese at once.

"7. To declare a three-day strike of all Peiping schools to enforce these demands.

"We then organized the demonstration and began the march

I had missed all the foregoing events and was touring the city with several other newspaper people in a motor car trying to find the demonstration. There were noticeably few police on the streets. About eleven, as we quite accidentally turned up one street, we were confronted by the huge demonstration bearing down with great enthusiasm, shouting their slogans: "Demand that the Government echo the South-

WHEN PEIPING POLICE ALSO BECAME "PATRIOTIC"

Peiping students, only group in the North with sufficient courage to declare their opposition to Japanese aggression, and conduct another demonstration against the Japanese. Upper left is a first-aid corps. Upper right shows a Chinese policeman, sympathetic toward the students, who burst into tears, while in the course of his duties trying to suppress the demonstrations. The lower picture shows a Chinese police captain addressing the students and declaring, "We policemen are at heart as anti-Japanese as are the students."

west and declare war on Japan!" "Oppose the Japanese Armed Occupation of North China!" "Fight for the Freedom of the Patriotic Movement!" "Workers, Peasants, Merchants, Students and Soldiers! Unite to fight on the anti-Japanese front;" "Long Live the National Liberation Movement!" "For the 29th Army to Continue the Resistance Against Japan!" "Oppose the moving of the 29th Army to the South." "Demand that the Government stop the smuggling by armed force!" "Investigate the floating corposes." Most of the students were middle school students and a majority seemed to be girls —the trim lines of tiny middle school girls in white middles and black shirts seemed endless. Pingta University led the line, with the Student Union's First Aid Corps following alongside with bandages and medicine kits.

As the line turned a corner westward a squad of about forty soldiers of the 29th Army happened to be coming along the same street from the east only a few hundred feet away. The students clapped wildly at the sight and shouted "Long Live the Heroic Soldiers of the 29th Army!" as they made the turn. The soldiers grinned amiably and dug their toes into the ground looking around at each other in embarrassment. The officer in charge then ordered them right-about-face. "We actually thought they were coming to join the demonstration," a student said to me later, "because of course we've been trying

hard to get even a few soldiers to promise to join in a demonstration with us soon."

At the Peihai corner of Pei Chang Chieh, near the moat of the Forbidden City, a riot squad of five motorcycles armed with submachine guns and Mauser pistols roared up and cordoned off the street. The entire thousands of students scattered like a whirlwind before the Paoantui had even threatened them. One blank shot was fired and plainclothes spies and police closed in to beat and arrest the leaders. Several had four or five bamboo rods about six feet long in their hands with which they flailed the students as they ran past—a novel idea. I don't think I have ever seen a more Olympic sprint than that of one student who escaped a chase by five or six police with all manner of weapons in their hands, as a plainclothes spy shouted to them: "Arrest this one! Arrest this one;" The reason for the quick retreat, of course, is because every student expected to be arrested who might be caught resisting. And of course, they never know whether or not they may actually be fired upon.

In the meantime an extraordinary situation developed. About thirty determined student leaders, including several girls and in particular one sturdy little dust-covered Amazon with big horn-rimmed spectacles, closed in upon the police with the most heartrending eloquence. Boys and girls cried bitterly, from the intense emotion and in order to convince the police more effectively—not from fear obviously. They begged the police and gendarmes to join with them against Japan and shamed them for their "traitorous" activities in suppressing the patriotic movement, demanding the release of the two arrested students —which was accomplished. One student demanded to be arrested with them if the police refused to capitulate and ran into the nearby station, flatly refusing to leave. This strategy of the students overwhelmed the police for the moment, and they spent several minutes apologizing and explaining their position in very sad terms. Then a violent fracas broke out in one corner of the group, and the students put up a remarkable fight against the police, grabbing the bamboo rods to use as weapons. Several policemen retired from the fray bleeding from the nose and various places. One policeman went berserk for a few minutes and knocked two or three students down with his big Mauser. Then several gendarmes drew their sabres and rushed into the melee, defending the students against the police. One gendarme officer burst into tears to his great embarrassment and the students rushed up and put their arms about him, cheering with delight.

At the same time a Chinese in a foreign suit who seemed to be merely a citizen on the street ran into the middle of the affair and was beaten and slapped by the police as he tried to defend the students. He became intensely angry and seemed to put the fear of God into the police shortly by his manner of command and authority. The New Prosperity News later reported that this man was Chao Shou-chin, one of the "out" army officers in mufti, who had previously been a well-known anti-Japanese figure and lost his command recently. This is quite plausible, as the man certainly had all the earmarks of being such a person.

The students were unable to gather after this, though they marched through the streets in small groups. Fifty students tried bravely to make their way along Tung Chang An Chieh toward the Legation Quarter but were dispered. They tried to reorganize at Hsi Ssu Pailou but the police were prepared for this. We followed small knots of students along the streets until we arrived at a meeting of some four or five hundred at the Women's College of Fine Arts where at two o'clock it was voted to end the demonstration for the day. At this place an interesting incident took place, when a police captain came in and addressed the students who greeted his words with enthusiastic applause. His talk was reported by the United Press as follows:

"We policemen are at heart as anti-Japanese as you. But we are ordered by our superiors to maintain peace and order. It hurts us to have to disperse your parades and beat you. We aren't happy about it. You have had a demonstration today. I suggest that you call off any further activity today and return to your dormitories. *And I promise you that I will do all in my power to see that the police will not interfere in your next meetings and parades!*" (The very daring words in italics are my own emphasis.)

Possibly one hundred arrests were made during the day and practically all were released before evening. I did not hear of any students who were seriously wounded, although *a Reuter's* report stated that at Hsi Tan Pailou "Several Chinese news cameramen were roughly handled by police for taking pictures, and one of them, who is connected with the Peiping Bureau of the *Ta Kung Pao*, was so seriously wounded that he had to be removed to the P. U. M. C. Hospital immediately for treatment. He is lying in a critical condition there. His camera was smashed by the police. It is estimated that of the fifty injured five are in a grave condition." Though naturally all police are not tender with disturbers of peace and order and can hardly avoid being irritable on a very hot day without food or rest since one o'clock in the morning, their handling of the demonstration was a very important indication of the change which has appeared in the North recently in relation to Japan. It is said that General Sung and the 29th Army are beginning to realize the usefulness of a mass anti-Japanese sentiment fanned by the student-propagandists, and that they do not object to the red-hot slogans against the removal of the 29th Army from Hopei, particularly.

I must mention that most of the students arrested for resisiting the police were said said to be middle school students. For instance, twenty-four were reported as taken from the Ta Tung Middle School, one of whom was a little boy about thirteen who put up a fearful scrap. This Middle School is noted for its *li hai* spirit; the boys always appear in demonstrations in military training uniforms, march very smartly, and look as if they were hoping for a fight.

In the meantime 100 Yenching and 200 Tsinghua students trudged the long, hot hot dusty miles cross-country to the city, finding all gates barred against them. They were joined by Tung Ta, Kung Ta and the Agricultural College *en masse*, and carried on propaganda outside the city in the marketplaces. The some six hundred students held a big citizens's mass meeting at eleven, at which one of the several Tsinghua campus-servants, marching in the demonstration, gave a patriotic talk. The same resolutions practically were passed as in the city. At three o'clock the Yenching and Tsinghua contingents went to the Hsiyuan Barracks of the 29th Army to demonstrate, but were not permitted entrance, of course. These students were not so Spartan as previously, and were accused of having eaten and taken tea on the way as if they were going on a picnic, whereat the Student President of Yenching tried to resign from loss of "face", it was reported. A report that they had been fired upon at Hsichihmen and fifteen wounded proved untrue—though it gained wide circulation because telephone communication was cut off.

On June 15 a three-day strike was declared in several schools to enforce the demands of the demonstration, to which the various Senior classes are strongly opposed fearing their graduation will be jeopardized. On the 15th also an order was received by the school authorities, dated June 13, which requested them to dissolve all manner of student organizations forthwith, including the student government associations, study-groups, "ten-men groups" (connected with the Manchurian Volunteers), and "*Li Chih* Clubs" (literally Cultivate one's-courage, these being small Fascist groups reportedly directed from Nanking). This smacks very much of Japanese coercion and appears rather unspontaneous in view of the psychology of the authorities in connection with the demonstration. It is not yet clear what action will be taken on this order.

One important new banner on the horizon is that of Fascist "Anti-Japanese Salvation Committees", one of which at Shihta now has 170 members, it is said. These oppose the Southwest, support the Central Government, but now have an actively anti-Japanese program, whereas previously they were negative in their opposition to the Left wing.

Peiping, June 16, 1936.

Democratic Convention Meets in Philadelphia

The Democratic National Convention opened in Philadelphia June 23. The delegates generally are supporting President Roosevelt and the New Deal, in defiance of the conservative "bolt" toward the Republicans led by Alfred E. Smith. Telegrams from the Quaker City indicate that the convention will take place in the midst of party dissension unparalleled since the late Theodore Roosevelt in 1912 sought to prevent the re-nomination of Willian Howard Taft by the Republican Party.

The consensus of impartial opinion is that the re-election of President Roosevelt, which a few months ago seemed assured, can now be secured only by strenuous and untiring efforts to round up every available vote. The declaration of war on President Roosevelt by Al Smith, allegations of graft in the New Deal, and failure to balance the budget are among the difficulties facing the President at the outset of this campaign.

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